Melamine from China and Trinidad and Tobago

Investigation Nos. 701-TA-526-527 and 731-TA-1262-1263 (Final)

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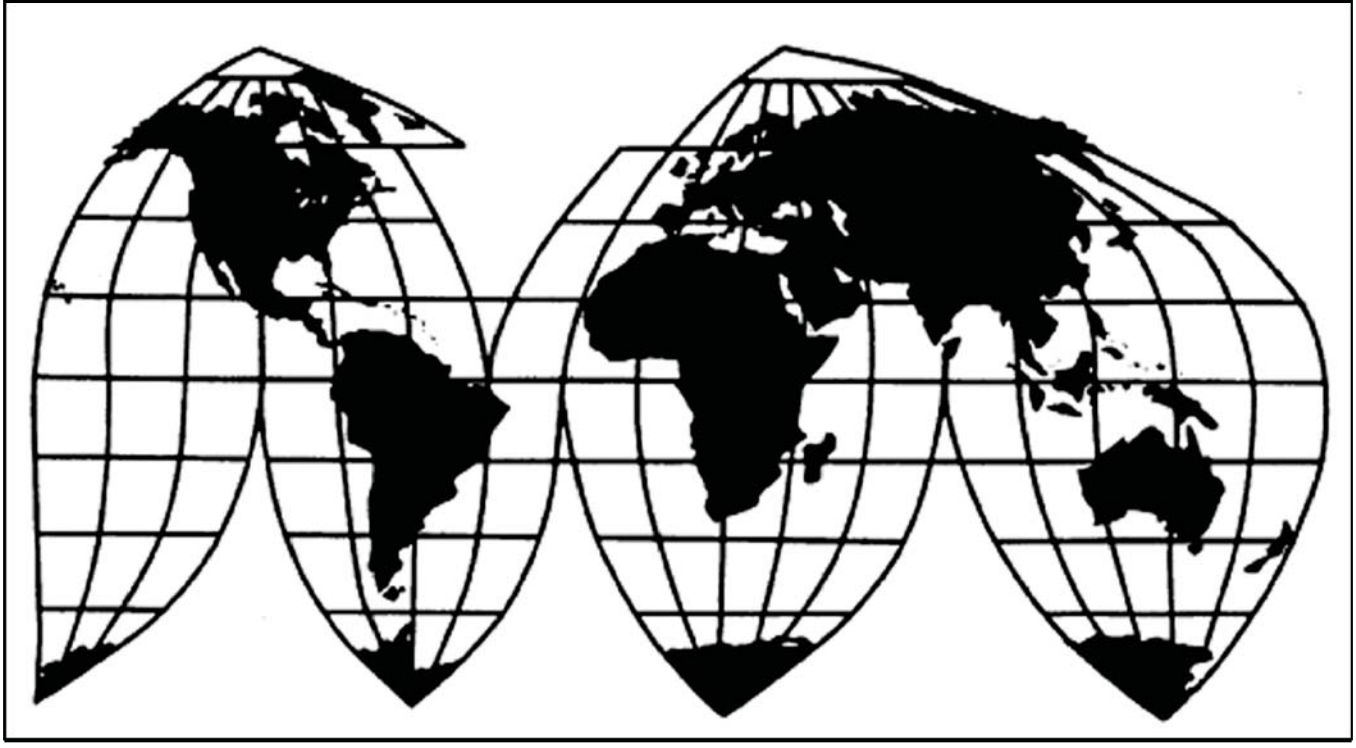

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-526-527 and 731-TA-1262-1263 (Final)

Melamine from China and Trinidad and Tobago

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that an industry in the United States is materially injured by reason of imports of melamine from China provided for in subheading 2933.61.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value ("LTFV"), and that have been found by Commerce to be subsidized by the government of China.[2] The Commission further determines, pursuant to the Act, that an industry in the United States is not materially injured or threatened with material injury by reason of imports of melamine from Trinidad and Tobago, provided for in subheading 2933.61.00 of the Harmonized Tariff Schedule of the United States, that have been found by Commerce to be sold in the United States at LTFV, and to be subsidized by the government of Trinidad and Tobago.[3]

BACKGROUND

The Commission, pursuant to sections 705(b) and 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b) and 19 U.S.C. § 1673d(b)), instituted these investigations effective November 12, 2014, following receipt of a petition filed with the Commission and Commerce by Cornerstone Chemical Company, Waggaman, Louisiana. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by Commerce that imports of melamine from China and Trinidad and Tobago were subsidized within the meaning of section 703(b) of the Act (19 U.S.C. § 1671b(b)) and dumped within the meaning of 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the final phase of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on July 24, 2015 (80 FR 44150). The hearing was held in Washington, DC, on

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

[2] All six Commissioners voted in the affirmative.

[3] All six Commissioners voted in the negative.

November 3, 2015, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the final phase of these investigations, we find that an industry in the United States is materially injured by reason of imports of melamine from China found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value and subsidized by the government of China. We further find that an industry in the United States is not materially injured or threatened with material injury by reason of imports from Trinidad & Tobago found by Commerce to be sold in the United States at less than fair value and subsidized by the government of Trinidad & Tobago.

I. Background

On November 12, 2014 Cornerstone Chemical Co. ("Cornerstone"), a domestic producer of melamine, filed the petitions in these investigations. Petitioner appeared at the hearing and submitted prehearing and posthearing briefs.

Two respondent entities jointly participated in these investigations, Southern Chemical Corp. ("SCC"), an importer of melamine from Trinidad & Tobago, and Methanol Holdings (Trinidad) Ltd. ("MHTL"), the sole producer of melamine in Trinidad & Tobago. Respondents appeared at the hearing and submitted prehearing and posthearing briefs. No respondent entity representing importers, exporters, or producers of melamine from China participated in these investigations.

U.S. industry data are based on the questionnaire response of one producer, accounting for 100 percent of U.S. production of melamine during the period of investigation ("POI"), which is from January 2012 to June 2015.[1] U.S. import data are based on official Commerce import statistics and from questionnaire responses from eleven U.S. importers, accounting for 50.0 percent of U.S. imports of melamine from China and 101.0 percent of U.S. imports from Trinidad & Tobago reported in official statistics during the POI.[2] The Commission received a response to its foreign producers' questionnaire from MHTL, which accounted for 100 percent of production of subject merchandise from Trinidad & Tobago during the POI.[3] It did not receive any usable responses to its questionnaires from producers or exporters of the Chinese subject merchandise.[4]

II. Domestic Like Product

A. In General

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of imports of subject merchandise, the Commission

[1] Confidential Report ("CR") at III-1, Public Report ("PR") at III-1.
[2] CR at IV-1, PR at IV-1.
[3] CR at VII-6, PR at VII-4.
[4] CR at VII-5, PR at VII-3.

first defines the "domestic like product" and the "industry."[5] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "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."[6] In turn, the Tariff 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."[7]

The decision regarding the appropriate domestic like product in an investigation is a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[8] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[9] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[10] Although the Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value,[11] the Commission determines what domestic product is like the imported articles Commerce has identified.[12]

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[5] 19 U.S.C. § 1677(4)(A).

[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(10).

[8] 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); Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors, including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455 n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[9] *See*, *e.g.*, S. Rep. No. 96-249 at 90-91 (1979).

[10] *Nippon*, 19 CIT at 455; *Torrington*, 747 F. Supp. at 748-49; *see also* S. Rep. No. 96-249 at 90-91 (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[11] *See*, *e.g., USEC, Inc. v. United States*, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) ("The ITC may not modify the class or kind of imported merchandise examined by Commerce."); *Algoma Steel Corp. v. United States*, 688 F. Supp. 639, 644 (Ct. Int'l Trade 1988), *aff'd*, 865 F.3d 240 (Fed. Cir.), *cert. denied*, 492 U.S. 919 (1989).

[12] *Hosiden Corp. v. Advanced Display Mfrs.*, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *Torrington*, 747 F. Supp. at 748-52 (affirming the Commission's (Continued...)

B. Product Description

Commerce defined the scope of the imported merchandise under investigation as follows:

> The merchandise subject to these investigations is melamine (Chemical Abstracts Service ("CAS") registry number 108-78-01, molecular formula $C_3H_6N_6$). Melamine is a crystalline powder of granule typically (but not exclusively) used to manufacture melamine formaldehyde resins. All melamine is covered by the scope of these investigations irrespective of purity, particle size, or physical form. Melamine that has been blended with other products is included within this scope when such blends include constituent parts that have been intermingled, but that have not been chemically reacted with each other to produce a different product. For such blends, only the melamine component of the mixture is covered by the scope of these investigations. Melamine that is otherwise subject to these investigations is not excluded when commingled with melamine from sources not subject to these investigations. Only the subject component of such commingled products is covered by the scope of these investigations.
>
> The subject merchandise is provided for in subheading 2933.61.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading and CAS registry number are provided for convenience and customs purposes, the written description of the scope is dispositive.[13]

Melamine is a fine, white crystalline powder. It is used primarily to manufacture resins that are used in surface coatings, laminates, molding compounds, paper treatment, and adhesives. It is also used in textile treatment applications in the automotive, appliance, dinnerware, furniture, fabric, and wood paneling industries.[14] Melamine is produced by thermal decomposition of urea, which is accomplished by heating and concentrating urea in a water solution.[15] Melamine can be produced using a low-pressure catalytic process or a high-pressure non-catalytic process.[16]

(…Continued)
determination defining six like products in investigations in which Commerce found five classes or kinds).

[13] *Melamine from the People's Republic of China and Trinidad & Tobago*, 80 Fed. Reg. 68851, 68846 (final determination of sales at less than fair value) (Dep't Commerce, Nov. 6, 2015) ("Commerce Final AD Determinations"); *Melamine from the People's Republic of China and Trinidad & Tobago*, 80 Fed. Reg. 68847, 68849 (final affirmative countervailing duty determination) (Dep't Commerce, Nov. 6, 2015) ("Commerce Final CVD Determinations").

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

[15] CR at I-14-15, PR at I-11-12.

[16] CR at I-14, PR at I-11.

C. Arguments of the Parties

Petitioner asserts that there is one domestic like product, coextensive with the scope of the investigations.[17] It asserts that all melamine has the same chemical formula and essentially the same physical characteristics, and that all melamine is interchangeable for the same end uses. It also argues that all melamine produced in the United States is produced on the same production equipment in a single facility.[18] Respondents have not contested this definition.

D. Domestic Like Product Analysis

In our preliminary determinations, we found that all melamine has the same chemical composition and is primarily used to manufacture resins for laminates. We found that all domestically produced melamine is produced on the same equipment and to the same U.S. industry standards, and is interchangeable. Based on these findings, we defined a single domestic like product, coextensive with the scope of Commerce's investigations.[19] The record in the final phase of these investigations contains no new information pertinent to the definition of domestic like product.[20] In light of this and absent any argument to the contrary, for the reasons set forth in our preliminary determinations we again find a single domestic like product consisting of melamine, coextensive with the scope definition.

III. Domestic Industry

The domestic industry is defined 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."[21] 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 our preliminary determinations, we defined the domestic industry as encompassing all U.S. producers of the melamine products described by the scope definition.[22] In the final phase of these investigations, Cornerstone asserts that it is the sole domestic producer of the domestic like product.[23] Respondents have not raised any arguments regarding the definition of the domestic industry.[24] Information on the record indicates that Cornerstone is the sole

[17] Cornerstone Prehearing Br. at 5.

[18] Cornerstone Prehearing Br. at 5.

[19] *Melamine from China and Trinidad & Tobago*, Inv. Nos. 701-TA-526-527 and 731-TA-1262-1263 (Preliminary), USITC Pub. 4514 (Jan. 2015) ("Preliminary Determination") at 6.

[20] *See generally* CR at I-12-18, PR at I-10-13.

[21] 19 U.S.C. § 1677(4)(A).

[22] Preliminary Determination, USITC Pub. 4514 at 7 n.28.

[23] Cornerstone Prehearing Br. at 6.

[24] There are no related party issues in these investigations.

domestic producer of melamine.[25] In light of this, we define the domestic industry as consisting of Cornerstone.

IV. Cumulation [26]

For purposes of evaluating the volume and effects for a determination of material injury by reason of subject imports, section 771(7)(G)(i) of the Tariff Act requires the Commission to cumulate subject imports from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with the domestic like product in the U.S. market. In assessing whether subject imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

(1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and

[25] CR at I-1-2, PR at I-1-2. *** states in its purchaser questionnaire that it *** Purchaser Questionnaire Response, EDIS No. 563342, Questions II-5 and III-4. Therefore, the record indicates that *** is not a producer of melamine blends and we do not include it in the domestic industry.

[26] Section 771(24) of the Tariff Act, which defines "negligibility," provides that imports from a subject country that are less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or self-initiation, as the case may be, shall be deemed negligible. 19 U.S.C. § 1677(24)(A)(i). The statute further provides that subject imports from a single country which comprise less than 3 percent of total such imports of the product may not be considered negligible if there are several countries subject to investigation with negligible imports and the sum of such imports from all those countries collectively accounts for more than 7 percent of the volume of all such merchandise imported into the United States. 19 U.S.C. § 1677(24)(A)(ii). In the case of countervailing duty investigations involving developing countries (as designated by the United States Trade Representative), the statute indicates that the negligibility limits are 4 percent and 9 percent, rather than 3 percent and 7 percent. The available data show that from November 2013 to October 2014, the 12-month period preceding the filing of the petition, subject imports from China accounted for 34.6 percent of total imports of melamine by quantity and subject imports from Trinidad & Tobago accounted for 30.7 percent of total imports of melamine by quantity. CR at IV-9, PR at IV-8. We consequently find that imports from both subject countries are not negligible.

(4) whether the subject imports are simultaneously present in the market.[27]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[28] Only a "reasonable overlap" of competition is required.[29]

One of the four statutory exceptions to the general cumulation rule applies in these investigations. It relates to Trinidad & Tobago, which is a beneficiary country under the Caribbean Basin Economic Recovery Act ("CBERA"). Imports from Trinidad & Tobago may only be cumulated with imports from another CBERA country for purposes of determining material injury, or threat thereof, by reason of imports from the CBERA beneficiary country or countries.[30] Consequently, we may not cumulate subject imports from China for purposes of our determinations concerning subject imports from Trinidad & Tobago.

The CBERA exception, however, does not bar us from cumulating subject imports from Trinidad & Tobago with subject imports from China for the purposes of determining material injury, or threat thereof, by reason of subject imports from China. With respect to the determinations on subject imports from China, the statutory threshold criterion for cumulation is satisfied. Cornerstone filed the petitions regarding imports from these countries on the same day, November 12, 2014.

Cornerstone asserts that subject imports from Trinidad & Tobago must be cumulated with imports from China for the purposes of making our final determinations with respect to subject imports from China because the statutory prerequisites for cumulation are satisfied.[31]

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[27] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[28] *See*, *e.g.*, *Wieland Werke, AG v. United State*s, 718 F. Supp. 50 (Ct. Int'l Trade 1989).

[29] The Statement of Administrative Action (SAA) to the Uruguay Round Agreements Act (URAA), expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition." H.R. Rep. No. 103-316, Vol. I at 848 (1994) (*citing Fundicao Tupy, S.A. v. United States*, 678 F. Supp. at 902; *see Goss Graphic Sys., Inc. v. United States*, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); *Wieland Werke, AG*, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

[30] 19 U.S.C. § 1677(7)(G)(ii)(III).

[31] Cornerstone Prehearing Br. at 38-41. Cornerstone argues that melamine is highly interchangeable, regardless of source. It also asserts that there is a high degree of geographic market overlap from all subject sources and the channels of distribution are the same. Cornerstone also contends that subject imports from all sources were sold in the U.S. market throughout the POI. Respondents from Trinidad & Tobago do not contest Cornerstone's assertion regarding cumulation for purposes of determinations on subject imports from China, and no Chinese respondent appeared in the final phase of these investigations.

As discussed below, we find that there is a reasonable overlap of competition between the subject imports from China and Trinidad & Tobago and between imports from each of these subject countries and the domestic like product.

Fungibility. The record in the final phase of these investigations indicates that melamine remains highly substitutable regardless of source.[32] Cornerstone asserts that subject imports are easily substituted for the domestic like product.[33] Respondents assert that melamine produced in Trinidad & Tobago is not fully interchangeable with domestically produced melamine due to issues with clumping and packaging size constraints.[34] Nevertheless, the record indicates that market participants perceive the domestic like product and imports from each subject country to be fungible. Virtually all U.S. importers agreed that imports from each subject source and domestically produced melamine are always or frequently interchangeable.[35] Seven importers reported that domestically produced melamine and subject imports from China are frequently or always interchangeable and one importer reported that domestic melamine and subject imports from China are sometimes interchangeable.[36] When comparing the domestic like product and melamine from Trinidad & Tobago, three importers reported that the products were always interchangeable while one importer reported that they were frequently interchangeable.[37] When comparing melamine from China and Trinidad & Tobago, all responding importers reported that the products were frequently interchangeable.[38] Majorities or pluralities of purchasers reported that the domestic like product and subject imports from China were comparable with respect to 13 out of 17 factors,[39] that the domestic like product and subject imports from Trinidad & Tobago were comparable with respect to 15 out of 17 factors,[40] and that subject imports from China and Trinidad & Tobago were comparable with respect to 16 out of 17 factors.[41]

Channels of Distribution. The domestic like product and melamine from both subject countries are primarily sold to ***.[42] From 2012 to 2014, *** percent of domestically produced melamine, *** imports from Trinidad & Tobago, and *** percent of subject imports from China

[32] CR at II-19, PR at II-12.

[33] Tr. at 31 (Driscoll).

[34] Respondents' Prehearing Br. at 22; Tr. at 236 (Emerson).

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

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

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

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

[39] Majorities or pluralities found the domestic like product superior with respect to delivery time and reliability of supply. An equal number of purchasers found the domestic like product superior or comparable with respect to technical support/service. A majority of purchasers found the domestic like product inferior with respect to price. CR/PR at Table II-9.

[40] A majority found the domestic like product superior with respect to clumpiness and an equal number of purchasers found the domestic like product superior or comparable with respect to reliability of supply. CR/PR at Table II-9.

[41] An equal number of purchasers found subject imports from China comparable or inferior to subject imports from Trinidad & Tobago in terms of delivery time. CR/PR at Table II-9.

[42] CR/PR at Table II-1.

were sold to distributors.[43]

Geographic Overlap. The domestic producer of melamine reported selling melamine ***. Importers of melamine from China reported selling to all regions of the United States except the Mountains region.[44] The responding importer of melamine from Trinidad & Tobago reported selling product to ***.[45]

Simultaneous Presence in Market. Subject imports from both China and Trinidad & Tobago were present in the market throughout the POI.[46]

Conclusion. Because the petitions were filed on the same day and the record indicates that there is a reasonable overlap of competition between and among subject imports and the domestic like product, we cumulate subject imports from China and Trinidad & Tobago for our analysis of whether a domestic industry is materially injured by reason of subject imports from China. Because Trinidad & Tobago is a CBERA beneficiary country, however, we do not cumulate subject imports from Trinidad & Tobago with subject imports from China for purposes of our determinations concerning subject imports from Trinidad & Tobago.

V. Legal Standards

In the final phase of antidumping and countervailing duty investigations, the Commission determines whether an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.[47] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[48] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[49] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[50] No single factor is dispositive, and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected

[43] CR/PR at Table II-1. From January 2015 to June 2015 ("interim 2015"), *** percent of imports from China were sold to distributors.

[44] CR at II-3, PR at II-2.

[45] CR at II-3, PR at II-2-3.

[46] *See, e.g.*, CR/PR at Table IV-2.

[47] 19 U.S.C. §§ 1671d(b), 1673d(b). The Trade Preferences Extension Act of 2015, Pub. L. 114-27, amended the provisions of the Tariff Act pertaining to Commission determinations of material injury and threat of material injury by reason of subject imports in certain respects. We have applied these amendments here to the extent pertinent and practicable.

[48] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[49] 19 U.S.C. § 1677(7)(A).

[50] 19 U.S.C. § 1677(7)(C)(iii).

industry."[51]

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[52]

Section 771(7)(C)(ii) of the Tariff Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[53]

Section 771(7)(C)(iii) of the Tariff Act provides that in examining the impact of subject imports, the Commission "shall evaluate all relevant economic factors which have a bearing on the state of the industry."[54] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debts, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[55]

Although the statute requires the Commission to determine whether the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[56] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[57] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price

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[51] 19 U.S.C. § 1677(7)(C)(iii).

[52] 19 U.S.C. § 1677(7)(C)(i).

[53] 19 U.S.C. § 1677(7)(C)(ii).

[54] 19 U.S.C. § 1677(7)(C)(iii); *see also* SAA at 851 and 885 ("In material injury determinations, 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 also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.").

[55] 19 U.S.C. § 1677(7)(C)(iii). This provision was recently amended by the Trade Preferences Extension Act of 2015, Pub. L. 114-27.

[56] 19 U.S.C. §§ 1671d(a), 1673d(a).

[57] *Angus Chemical Co. v. United States*, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) ("{T}he statute does not 'compel the commissioners' to employ {a particular methodology}."), *aff'g,* 944 F. Supp. 943, 951 (Ct. Int'l Trade 1996).

effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[58]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[59] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[60] Nor does the

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[58] The Federal Circuit, in addressing the causation standard of the statute, observed that "{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement." *Nippon Steel Corp. v. USITC*, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in *Mittal Steel Point Lisas Ltd. v. United States*, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting *Gerald Metals, Inc. v. United States*, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that "this court requires evidence in the record 'to show that the harm occurred "by reason of" the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.'" *See also Nippon Steel Corp. v. United States*, 458 F.3d 1345, 1357 (Fed. Cir. 2006); *Taiwan Semiconductor Industry Ass'n v. USITC*, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

[59] SAA at 851-52 ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[60] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n,* 266 F.3d at 1345 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood Lumber from Canada*, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e.*, it is not an 'other causal factor,' then there is nothing to (Continued...)

"by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[61] It is clear that the existence of injury caused by other factors does not compel a negative determination.[62]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to the subject imports."[63] [64] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[65]

(…Continued)
further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

[61] S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

[62] *See Nippon Steel Corp*., 345 F.3d at 1381 ("an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the 'dumping' need not be the sole or principal cause of injury.").

[63] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, Ct. No. 2014-1814 (Jul. 13, 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[64] Vice Chairman Pinkert and Commissioner Kieff do not join this paragraph or the following three paragraphs. They note that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when analyzing present material injury, to consider a particular issue with respect to the role of nonsubject imports, without reliance upon presumptions or strict formulas. The Court has not prescribed a specific method of exposition for this consideration. *Mittal Steel* explains as follows:

> What *Bratsk* held is that "where commodity products are at issue and fairly traded, price competitive, non-subject imports are in the market," the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, *Bratsk* requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

[65] *Nucor Corp. v. United States*, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); *see also Mittal Steel*, 542 F.3d at 879 ("*Bratsk* did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was 'by reason' of subject imports.").

The Federal Circuit's decisions in *Gerald Metals, Bratsk*, and *Mittal Steel* all involved cases where the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[66] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad & Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.[67] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals, Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[68]

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[69] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[70]

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[66] *Mittal Steel*, 542 F.3d at 875-79.

[67] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission's alternative interpretation of *Bratsk* as a reminder to conduct a non-attribution analysis).

[68] To that end, after the Federal Circuit issued its decision in *Bratsk*, the Commission began to present published information or send out information requests in the final phase of investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission's causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in the final phase of investigations in which there are substantial levels of nonsubject imports.

[69] We provide in our respective discussions of volume, price effects, and impact a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[70] *Mittal Steel*, 542 F.3d at 873; *Nippon Steel Corp*., 458 F.3d at 1350, *citing U.S. Steel Group*, 96 F.3d at 1357; S. Rep. 96-249 at 75 ("The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.").

VI. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury by reason of subject imports.

A. Demand Conditions

Demand for melamine depends on the demand for downstream products that use melamine resins. Melamine resins are used in a wide variety of applications including wood adhesives, polyurethane foam, foam for upholstery or car sponges, water soluble polymers, coatings, paper coatings, and other laminates.[71] Melamine is shipped using a variety of packaging, including 50-60 pound bags, 1,000-3,000 pound bags, and unpackaged in bulk.[72] Overall demand for melamine is likely to exhibit small changes in response to price changes.[73]

Petitioner asserts that demand for melamine increased over the POI.[74] Respondents observe that information on the record does not provide a clear trend in overall demand for melamine during the POI, but assert that day-to-day demand for melamine is based on purchasers' perceptions of supply in the marketplace relative to consumption.[75] Apparent U.S. consumption of melamine as calculated using official import statistics for subject imports from China and questionnaire data for Trinidad & Tobago was *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014, a decline of *** percent from 2012 to 2014.[76] Apparent U.S.

[71] CR at II-14, PR at II-9.

[72] CR at II-19-21, PR at II-12-13.

[73] CR at II-14, PR at II-9.

[74] Cornerstone Posthearing Br. at 21.

[75] Respondents' Prehearing Br. at 18. Although a plurality of market participants indicated that demand for melamine in the United States increased during the POI, purchasers' perceptions, in particular, varied. The number of purchasers that reported demand fluctuated or did not change exceeded the number that reported that demand increased. CR/PR at Table II-3.

[76] CR/PR at Table C-4. Respondents contend that because a portion of their imports are exported ***, U.S. shipments are the most accurate way of measuring subject import volume from Trinidad & Tobago. Respondents' Prehearing Br. at 39. We have relied principally on volume data calculated using U.S. shipments reported in the questionnaires for subject imports for Trinidad & Tobago and official import statistics for all other imports, including subject imports from China. We note in this respect that the questionnaire coverage for subject imports from Trinidad & Tobago is complete, CR/PR at VI-1, and that a substantial quantity of imports from Trinidad & Tobago during the POI was subsequently exported to Canada. Export shipments to Canada were *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014. CR at IV-3, PR at IV-3. Consequently, U.S. shipment data better reflect the participation of subject imports from Trinidad & Tobago in the U.S. market during the POI. This methodology choice affects our apparent U.S. consumption and market share calculations presented below. We have nevertheless examined the official import data for subject imports from Trinidad & Tobago as well; as indicated below, trends between 2012 and 2014 and between the interim periods are the same whether subject imports from Trinidad & Tobago are measured using official import data or U.S. shipment data.

consumption was *** pounds in interim 2014 and *** pounds in interim 2015.[77] Thus, apparent U.S. consumption increased from 2012 to 2013, and then declined below 2012 levels in 2014.

B. Supply Conditions

During the POI, the U.S. melamine market was supplied by the domestic industry, subject imports from China and Trinidad & Tobago, and imports from sources not subject to investigation. As in the preliminary phase of these investigations, the domestic industry remained the largest supplier to the U.S. market throughout the POI.

The domestic industry's market share declined over the POI. The domestic industry's market share was *** percent in 2012, *** percent in 2013, and *** percent in 2014. It was *** percent in interim 2014 and *** percent in interim 2015.[78] In April 2013, Cornerstone declared a *force majeure* to alert its customers of a potential supply disruption, but ultimately did not interrupt production.[79]

Cumulated subject imports' share of the U.S. market increased throughout the POI. The market share held by cumulated subject imports increased from *** percent in 2012 to *** percent in 2013, and then to *** percent in 2014. It was *** percent in interim 2014 and *** percent in interim 2015.[80] In 2014, China was the largest individual source of imports of melamine to the U.S. market.[81]

The market share held by subject imports from Trinidad & Tobago declined from *** percent in 2012 to *** percent in 2013, and then to *** percent in 2014. It was *** percent in interim 2014 and *** percent in interim 2015.[82] MHTL's ability to produce melamine in Trinidad & Tobago was reduced by curtailments in its supply of natural gas, one of the raw materials used to produce melamine.[83] These gas curtailments were announced by the National Gas Company of Trinidad & Tobago ("NGC") and reduced the supply of gas by ***. MHTL suspended melamine production in November 2014 at one of its two production plants in Trinidad & Tobago and this plant is projected to remain offline through at least 2017.[84] MHTL also asserts that if the gas curtailments reach ***, it will be forced to close both melamine plants.[85] Furthermore, respondents assert that their greatest supply shortage coincided with Cornerstone's *force majeure* announcement in 2013.[86]

The market share held by imports not subject to these investigations was *** percent in 2012, *** percent in 2013, and *** percent in 2014. It was *** percent in interim 2014 and

[77] CR/PR at Table C-4.
[78] CR/PR at Table C-4.
[79] CR at II-6, PR at II-5.
[80] CR/PR at Table C-4.
[81] CR/PR at Table IV-6.
[82] CR/PR at Table C-4.
[83] CR at VII-7, PR at VII-4.
[84] CR at VII-7, PR at VII-4.
[85] Respondents' Prehearing Br. at 15.
[86] Respondents' Prehearing Br. at 3.

*** percent in interim 2015.[87] The largest sources of such imports during the POI were the Netherlands and Germany.[88]

C. Substitutability and Other Conditions

Based on the record in these final phase investigations, we find that there is a high degree of substitutability among domestically produced melamine and subject imports from China and Trinidad & Tobago. The record indicates that all melamine has the same chemical composition and that, when sold in the United States, it must meet the same industry purity standards.[89] As discussed above, most responding producers and importers stated that domestically produced melamine was frequently or always interchangeable with melamine from subject countries and that melamine from subject countries was frequently or always interchangeable.[90] Purchasers' responses were similar, although some purchasers reported that domestically produced melamine was only sometimes interchangeable with melamine from subject countries and that melamine from subject countries was only sometimes interchangeable.[91] Furthermore, as previously discussed, purchasers found the domestic like product comparable to both subject imports from China and subject imports from Trinidad & Tobago with respect to most factors.[92]

We also find that price is an important consideration for purchasers of melamine. Purchasers reported that price was one of the top three purchasing factors that affected their purchasing decisions. Quality was the most frequently cited top purchasing factor, followed by price and availability. Eight of 19 purchasers reported that they usually buy the lowest priced product.[93]

The primary raw materials used to produce melamine are ammonia and carbon dioxide, which must be reacted under heat and pressure.[94] Melamine plants must operate continuously to be efficient. Shutting down a melamine plant would incur significant costs including removing ammonia from the equipment and steam flushing equipment.[95]

VII. Determinations on Subject Imports from China

A. Volume of Cumulated Subject Imports

Cumulated subject imports had a substantial presence in the U.S. market throughout the POI until the petitions were filed at the end of 2014, at which point they sharply declined.

[87] CR/PR at Table C-4.
[88] CR at II-13, PR at II-8.
[89] CR at I-12-14, PR at I-10-11.
[90] CR/PR at Table II-10.
[91] CR/PR at Table II-10.
[92] CR/PR at Table II-9.
[93] CR at II-22, PR at II-15.
[94] CR at I-15, PR at I-15.
[95] Cornerstone Prehearing Br. at 13.

Cumulated subject imports were *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014. Cumulated subject imports also increased in market share, from *** percent in 2012 to *** percent in 2013, and then to *** percent in 2014.[96]

Cumulated subject imports' gain in market share from 2012 to 2014 came at the expense of the domestic industry. The domestic industry lost *** market share over the POI; its market share declined from *** percent in 2012 to *** percent in 2014. Nonsubject imports' market share slightly increased over the POI from *** percent in 2012 to *** percent in 2014.[97]

The volume of cumulated subject imports relative to U.S. production was *** percent in 2012, *** percent in 2013, and *** percent in 2014.[98]

Cumulated subject imports were *** pounds in interim 2014 and *** pounds in interim 2015.[99] We find that the sharp reduction in subject imports between the interim periods was attributable in substantial part to the filing of the petitions in these investigations.[100] We have consequently accorded less weight to the volume data for interim 2015.[101]

We therefore find that the cumulated volume of subject imports, and the increase in that volume, are significant both in absolute terms and relative to consumption and production in the United States.

B. Price Effects of the Cumulated Subject Imports

As discussed above, the record indicates that there is a high degree of substitutability between cumulated subject imports and the domestic like product and that price is an important consideration in purchasing decisions.

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[96] CR/PR at Table C-4. As discussed earlier, we have calculated volume, apparent consumption, and market share data using U.S. shipments for imports from Trinidad & Tobago because a portion of such imports during the POI were re-exported to Canada. We observe that the trends between 2012 and 2014 are the same if volume, apparent consumption, and market share were calculated using official statistics for import volume for Trinidad & Tobago. *Compare* CR/PR at Table C-1.

[97] CR/PR at Table C-4.

[98] Derived from CR/PR at Table C-3. For the reasons explained above, we calculated the volume of cumulated subject imports based on U.S. shipments of imports from Trinidad & Tobago. We also considered official import statistics concerning subject imports from Trinidad & Tobago. On this basis, the ratio of cumulated subject imports to U.S. production increased as well from 2012 to 2014. *Id*.

[99] CR/PR at Table C-4. We observe that trends for 2012-2014 are the same if volume, apparent consumption, and market share were calculated using official statistics for import volume for Trinidad & Tobago. *Compare* CR/PR at Table C-1.

[100] For example, U.S. purchaser ***. Other purchasers reported instances of subject suppliers' reluctance to sell product to U.S. purchasers due to the pending investigations. *** Purchasers Questionnaire Response at II-3 and III-12; *see also* *** Purchasers Questionnaire Responses at III-13 and III-9, respectively.

[101] *See* 19 U.S.C. § 1677(7)(I).

The domestic producer and 10 importers provided usable pricing data for three products, although not all firms reported pricing for all products for all quarters.[102] Reported pricing data accounted for *** percent of the domestic industry's U.S. shipments, 44.4 percent of subject imports from China, and *** percent of subject imports from Trinidad & Tobago.[103] The data show a pattern of pervasive underselling by cumulated subject imports in all three full years of the POI.[104] Cumulated subject imports undersold the domestic like product in *** of *** price comparisons from 2012 to 2014 at margins ranging from *** percent. From 2012 to 2014, the volume of cumulated subject imports that undersold the domestic like product totaled over *** pounds, compared to *** pounds that oversold the domestic like product.[105] We find that there was significant underselling by cumulated subject imports from 2012 to 2014. As a result of this underselling and the importance of price in purchasing decisions, the domestic industry lost market share to cumulated subject imports during this period.

We have also examined price trends. Prices for the domestic like product fluctuated over the POI. In 2013, when Cornerstone issued its *force majeure* notice and when MHTL experienced significant gas curtailments, there was perceived supply tightness in the U.S. market that drove domestic prices up.[106] After the supply tightness (or perception thereof) eased, however, domestic prices began declining in mid-2013.

We observe that domestic prices in 2014 were generally comparable to prices before the 2013 peak levels. Price declines between the first quarter 2012 and the fourth quarter 2014 were minimal with respect to two of the pricing products and prices increased for the third. Domestic prices for Product 1 declined $*** per pound between first quarter 2012 and fourth quarter 2014, and domestic prices for Product 2 declined $*** per pound during the same time. Domestic prices for Product 3 increased $*** per pound between first quarter 2012 and fourth quarter 2014.[107] We find that the very small magnitude of price decreases is insufficient to support a finding that the subject imports depressed prices to a significant degree.

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[102] CR at V-8, PR at V-5. The pricing products are: Product 1, melamine unpackaged in bulk; Product 2, melamine in bags of 1,000 to 3,000 pounds; and Product 3, melamine in bags of 50 to 60 pounds.

[103] CR at V-8, PR at V-5.

[104] As discussed above, we accorded less weight to interim 2015 data in our analysis of subject import volume because the record indicates that cumulated subject imports declined sharply after the filing of the petition. The record further indicates that prices for cumulated subject imports increased sharply once the petition was filed. CR/PR at Tables V-4-5. Consequently, we have also accorded less weight to the pricing data for interim 2015. *See* 19 U.S.C. § 1677(7)(I).

[105] Derived from CR/PR at Tables V-3-5.

[106] *See* CR/PR at Figures V-3-5. In January 2013, Cornerstone took its plant offline for repair and in April 2013 it issued a *force majeure* notice. Additionally, during that year, MHTL experienced gas curtailments. These production issues led to the perception of supply tightness. In April 2013, press accounts began to report rising prices and the possibility that customers would be put on allocation. *See* Respondents Prehearing Br. at Ex. 5.

[107] CR/PR at Tables V-3 and V-4.

We have also considered whether cumulated subject imports prevented price increases that otherwise would have occurred during the POI. Although the COGS to net sales ratio was high from 2012 to 2014, we do not find that pricing pressure from subject imports prevented the domestic industry from raising prices during this period. Although unit net sales values fluctuated, unit COGS steadily increased from 2012 to 2014 due almost entirely to the increase in unit factory overhead costs.[108] These costs increased as Cornerstone ***.[109] We do not attribute the lower inventory valuation to subject imports, which is consistent with our finding above that subject imports did not significantly depress domestic prices. Additionally, we do not find that the industry could have reasonably expected to increase prices due to changes in factory overhead costs, particularly in light of the overall declining apparent U.S. consumption from 2012 to 2014.[110] Consequently, the record does not indicate that cumulated subject imports prevented price increases that otherwise would have occurred to a significant degree.[111]

In sum, we find that there was significant underselling of the domestic like product by cumulated subject imports, which had the effect of increasing the market share of the cumulated subject imports at the expense of the domestic industry.

C. Impact of the Cumulated Subject Imports[112]

Between 2012 and 2014, some indicators of domestic industry performance were stable or rising, but the domestic industry lost market share to cumulated subject imports and experienced declining production, shipments, and sales revenues. As discussed above, the

[108] Total unit COGS increased by $0.04 from 2012 to 2013, and by $0.04 from 2013 to 2014. Unit factory overhead costs increased by $0.03 from 2012 to 2013, and by $0.05 from 2013 to 2014. CR/PR at Table VI-2.

[109] CR at VI-4-VI-5; PR at VI-2; *see also* [Verification Report dated Nov. 5, 2015]..

[110] Vice Chairman Pinkert agrees with respondents' argument that U.S. demand elasticity is closer to -1 than to -0.5, due to import competition faced by end users and the fact that some of the largest end-use applications have large cost shares of melamine in their total product costs. CR at II-37; PR at 25; *see also* Respondents' Posthearing Br. at Ex. 4. Given this elasticity, it is unlikely in a period of moderately declining demand that the subject imports prevented price increases that would otherwise have occurred.

[111] We have also considered whether the domestic industry lost sales and revenue to cumulated subject imports. Cornerstone submitted *** lost sales allegations totaling $*** and *** lost revenue allegations totaling almost $***. CR at V-17, PR at V-11. Staff contacted *** purchasers and the purchasers confirmed *** lost sales totaling $*** in value and *** lost revenue allegations totaling $***. CR/PR at Tables V-8-9. These data are consistent with a finding that the main effect of cumulated subject imports was to capture sales through low prices.

[112] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at less value Commerce found antidumping duty margins of 363.31 percent for imports from China, and 172.53 percent for imports from Trinidad & Tobago. Commerce Final AD Determinations, 80 Fed. Reg. at 68851, 68846.

domestic industry's market share declined from *** percent in 2012 to *** percent in 2014.[113] The domestic industry's financial performance deteriorated by all measures.[114]

The domestic industry's capacity remained the same throughout the POI while production declined;[115] capacity utilization thus also declined.[116] The domestic industry's U.S. shipments decreased from *** in 2012 to *** pounds in 2013, and then to *** pounds in 2014.[117] Inventories of melamine fluctuated on an annual basis, increasing from *** pounds in 2012 to *** pounds in 2013, then decreasing to *** pounds in 2014.[118]

The domestic industry's employment, hours worked, and wages paid all rose from 2012 to 2014. By contrast, labor productivity decreased.[119]

From 2012 to 2014, the value of the domestic industry's net sales decreased from $*** to $***. The domestic industry's gross ***. The domestic industry's operating income ***. Its operating ratio deteriorated from *** percent in 2012 to *** percent in 2014. Similarly, net income ***. The domestic industry's capital expenditures increased from $*** in 2012 to $*** in 2014, largely due to ***.[120] Research and development expenses were $*** in 2012 and $*** in 2014.[121]

We find that cumulated subject imports had a significant impact on the domestic industry. Cumulated subject import volume increased significantly during the POI and took market share from the domestic industry while apparent U.S. consumption decreased. There was significant underselling by subject imports. As a result of lost market share, the domestic industry's revenues were lower than they would have been. These lower revenues, in turn, resulted in *** operating and net ***, a ***, and lower production and output.

We have also examined the role of nonsubject imports. Nonsubject imports decreased in volume over the POI, from 28.0 million pounds in 2012 to 27.2 million pounds in 2014.[122]

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[113] CR/PR at Table C-4.

[114] We note that most indicators of domestic industry performance were better in interim 2015 than in interim 2014, including production, capacity utilization, quantity of U.S. shipments, market share, and measures of profitability. *See* CR/PR at Table C-4. As previously stated, however, we have accorded less weight to interim 2015 data because the pendency of the investigations affected the volume and pricing of cumulated subject imports, which consequently affected the impact on the domestic industry.

[115] The domestic industry's production capacity was *** pounds in each year of the period of investigation. CR/PR at Table C-4.

[116] CR/PR at Table C-4. Production decreased slightly from *** pounds in 2012 to *** pounds in 2014. Capacity utilization, which was *** percent in 2012 and *** percent in 2013, declined to *** percent in 2014. *Id.*

[117] CR/PR at Table C-4.

[118] CR/PR at Table C-4.

[119] From 2012 to 2014, employment rose by *** production related workers or by *** percent, hours worked increased by *** percent, and wages paid increased by *** percent. From 2012 to 2014, productivity decreased from *** pounds per hour in 2012 to *** pounds per hour in 2014 or by *** percent. CR/PR at Table C-4.

[120] CR/PR at Table VI-4; CR at VI-9, PR at VI-3.

[121] CR/PR at Table VI-4.

[122] CR/PR at Table IV-3.

Although they gained market share between 2012 and 2014, this increase was minor and nonsubject imports were typically sold at higher prices than the domestic like product.[123] Consequently, any adverse effects from nonsubject imports are distinct from those attributed to cumulated subject imports.

For the foregoing reasons, we conclude that a domestic industry in the United States has been materially injured by reason of subject imports from China.

VIII. Determinations on Subject Imports from Trinidad & Tobago

A. No Material Injury by Reason of Subject Imports from Trinidad & Tobago

1. Volume of Subject Imports from Trinidad & Tobago

The volume of subject imports from Trinidad & Tobago steadily declined during the POI.[124] Specifically, subject import volume declined from *** pounds in 2012 to *** pounds in 2013 and then to *** pounds in 2014.[125] [126]

The market share of subject imports from Trinidad & Tobago and ratio of subject imports to U.S. production also steadily declined during the POI. The share of apparent U.S. consumption held by subject imports from Trinidad & Tobago decreased from *** percent in 2012 to *** percent in 2013 and

[123] CR/PR at Table C-4 and Appendix D.

[124] CR/PR at Table C-3. As previously discussed, we have calculated volume and market share of subject imports from Trinidad & Tobago using U.S. shipments of these subject imports. ***. CR at VII-12, PR at VII-5.

[125] CR/PR at Table C-3. Similarly, official import statistics show that the volume of subject imports from Trinidad & Tobago declined by 29.9 percent from 2012 to 2014, from 37.8 million pounds in 2012 to 26.5 million pounds in 2014. CR/PR at Table C-2. Unlike U.S. shipment data, which showed a decline in all three years of the POI, official import data indicate a 0.3 percent increase in the volume of subject imports from Trinidad & Tobago from 2013 to 2014. A portion of subject imports from Trinidad & Tobago in 2014 were used by SCC to replenish its inventories, which on a year-end basis had decreased from *** pounds in 2012 to *** pounds in 2013. In 2014, SCC's year-end inventories increased to *** pounds. CR/PR at Table C-2.

[126] The volume and market share of subject imports from Trinidad & Tobago were lower in interim 2015 than in interim 2014. The volume was especially reduced in interim 2015 based on official import statistics. The volume based on U.S. shipment data was also lower in interim 2015, but by a lesser amount; as noted just above, SCC's year-end inventories increased in 2014, and it was likely able to draw on these inventories to some degree to make shipments in interim 2015. CR/PR at Tables C-2, C-3. We find that the lower volume in interim 2015 under either measure, from the already reduced levels from 2012 to 2014 in the context of gas curtailments in Trinidad & Tobago, was due at least in part to the pendency of the investigations. Thus we have accorded less weight to interim 2015 data.

then to *** percent in 2014.[127] Additionally, the ratio of subject imports to U.S. production decreased from *** percent in 2012 to *** percent in 2013 and then to *** percent in 2014.[128]

The steady decline of subject imports from Trinidad & Tobago from 2012 to 2014 reflects MHTL's production difficulties resulting from NGC's inability to supply the full quantity of natural gas for which MHTL contracted. These gas curtailments restricted MHTL's production of melamine throughout the remainder of the POI.[129]

Although we acknowledge that the absolute volume of subject imports from Trinidad & Tobago is significant, it declined by *** percent from 2012 to 2014 and the U.S. market share held by subject imports from Trinidad & Tobago decreased by *** percentage points.[130] For the reasons we discuss below, we do not find that subject imports from Trinidad & Tobago had significant price effects or a significant impact on the domestic industry.

2. Price Effects of Subject Imports from Trinidad & Tobago

As addressed in section VII.B. above, the record indicates that there is a high degree of substitutability between subject imports from Trinidad & Tobago and the domestic like product and that price is an important factor in purchasing decisions.[131]

There was predominant underselling by subject imports from Trinidad & Tobago from 2012 to 2014.[132] During this period, subject imports from Trinidad & Tobago undersold the domestic like product in *** of *** comparisons, or in *** percent of such comparisons, with an average margin of *** percent.[133] From 2012 to 2014, *** pounds of subject import imports undersold the domestic like product compared to *** pounds of subject imports that oversold the domestic like product.[134] Thus, on a volume basis, *** percent of subject imports undersold the domestic like product.

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[127] CR/PR at Table C-3. Based on official import statistics, subject imports from Trinidad & Tobago decreased their share of apparent U.S. consumption from *** percent in 2012 to *** percent in 2014, a decrease of *** percentage points. CR/PR at Table C-2.

[128] Derived from CR/PR at Table C-3. Based on official import statistics, the ratio of subject imports from Trinidad & Tobago to U.S. production decreased from *** percent in 2012 to *** percent in 2014. *Id*.

[129] CR at VII-7-12, PR at VII-4-5. MHTL's capacity utilization decreased from *** percent in 2012 to *** percent in 2013 before increasing to *** percent in 2014. The company's production decreased from *** pounds in 2012 to *** pounds in 2013 before increasing to *** pounds in 2014. CR/PR at Table VII-3a. In November 2014, MHTL suspended operation of one of its two melamine plants as a result of gas curtailments, and this plant currently remains offline. CR at VII-7, PR at VII-4.

[130] CR/PR at Table C-3.

[131] CR at II-19 and II-22, PR at II-12 and II-14.

[132] As discussed in section VII.B. above, we have accorded less weight to interim 2015 pricing data. Prices for subject imports from Trinidad & Tobago increased sharply between the fourth quarter of 2014 and the first quarter of 2015. CR/PR at Tables V-4-5.

[133] Derived from CR/PR at Tables V-3-7.

[134] Derived from CR/PR at Tables V-3-7.

Although there was predominant underselling by subject imports from Trinidad & Tobago, the record does not show that this underselling resulted in an increase in the market share of subject imports from Trinidad & Tobago. Rather, the market share of subject imports from Trinidad & Tobago steadily decreased by *** percentage points from 2012 to 2014.[135]

Additionally, there is a lack of correlation between underselling by subject imports from Trinidad & Tobago and price movements of the domestic like product that occurred during this period.[136] Specifically, during 2012 and 2013, when subject imports of Trinidad & Tobago undersold the domestic like product in every quarterly comparison and by the largest underselling margins, prices of the domestic like product generally increased.[137] In 2014, when prices of the domestic like product declined,[138] subject imports from Trinidad & Tobago undersold the domestic like product at relatively modest margins for pricing product 2 during only two of four quarterly comparisons.[139] This lack of correlation and the steady decrease in subject import market share mitigates the significance of the observed underselling.

In addition, as with cumulated subject imports, we find that subject imports from Trinidad & Tobago did not have significant price depressing effects during the POI.[140] In section VII.B. above, we observed that prices generally increased from 2012 to 2013 as a result of a perceived tightness of supply of melamine in the U.S. market that resulted from the domestic producer's announcement of *force majeure* and MHTL's production difficulties.[141] We further observed that after the supply tightness (or perception thereof) eased, prices for the domestic like product began to decline in mid-2013. In 2014, prices of the domestic like product were similar to those in 2012,[142] as imports from countries other than Trinidad & Tobago, particularly from China, increased substantially.[143] Given the steady decline in the volume of subject

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[135] CR/PR at Table C-3.

[136] Product 2 accounted for the most substantial share of reported sales for both the domestic like product and subject imports from Trinidad & Tobago; we have, therefore, given these data more weight than the data for products 1 and 3 in our pricing analysis. Calculated from CR/PR Tables V-4 to V-6.

[137] CR/PR at Table V-4.

[138] In the first quarter of 2014, the weighted average f.o.b. price of the domestic like product for pricing product 2 was $*** per pound, which decreased to $*** per pound in the third quarter of 2014 before increasing to $*** per pound in the fourth quarter of 2014. CR/PR at Table V-4.

[139] CR/PR at Table V-4.

[140] Respondents contend that there is no causal link between subject imports from Trinidad & Tobago and prices of the domestic like product because ***. Respondents' Posthearing Br. at 4. However, of the three U.S. purchasers that received melamine in bulk, *** switched from bulk to supersacks because its new supplier did not supply melamine in railcars, and *** are able to use melamine in bulk and in bags. CR at II-20 to II-21, PR at II-13.

[141] Respondents' Posthearing Br. at 5; Hearing Tr. at 72-73 (Zoglio).

[142] In the first quarter of 2012, the weighted average f.o.b. price of the domestic like product for pricing product 2 was $*** and in the last quarter of 2014, the weighted average f.o.b. price of the domestic like product for pricing product 2 was $***. CR/PR at Table V-4.

[143] Hearing Tr. at 162 (Hansen); *see id.* at 165 (Ross); *see also* CR/PR at Table C-3. Although the perceived supply tightness in the market was caused, in part, by MHTL's production difficulties, the alleviation of that supply tightness was reported to be the result of imports from alternative sources, (Continued...)

imports from Trinidad & Tobago, their decreasing frequency of underselling, and the lack of correlation between subject import underselling and price movements for the domestic like product, there is an insufficient basis for a finding of significant price depression.[144]

Subject imports from Trinidad & Tobago also did not have the effect of preventing price increases that otherwise would have occurred to a significant degree. As we observed in section VII.B. above, the increase in the domestic industry's COGS to net sales ratio from 2013 to 2014 was a function of factors other than the cumulated subject imports. This is also true of subject imports from Trinidad & Tobago individually, as their declining absolute and relative presence in the market from 2013 to 2014 cannot explain either the domestic industry's reduced revenues or increasing factory overhead costs in that period.

In sum, we find that subject imports from Trinidad & Tobago did not have the effect of depressing prices or preventing price increases that otherwise would have occurred to a significant degree.[145] In view of this, and the fact that the market share of subject imports from Trinidad & Tobago declined substantially over the POI, we find that although underselling by subject imports from Trinidad & Tobago was frequent, subject imports from Trinidad & Tobago did not have significant price effects.

(…Continued)
including China and Germany, and not a recovery in MHTL's ability to supply the U.S. market. *See* Respondents' Prehearing Br. at Ex. 5.

[144] This conclusion is further supported by the consideration of nonsubject import pricing. As Trinidad & Tobago retreated from the U.S. market starting in the third quarter of 2013 and continuing through 2014, prices of imports from China were lower than prices of subject imports from Trinidad & Tobago in five out of six comparisons for pricing product 2. In the sixth comparison, there was no difference in price on a per pound basis. CR/PR at Tables V-4, C-3, and Figure V-4. Imports of product 2 from Germany underpriced imports from Trinidad & Tobago in all six quarters during this period. CR/PR at Table D-2. U.S. price declines are not attributable to subject imports from Trinidad & Tobago on this record.

[145] We have also considered whether the domestic industry lost sales or revenue to subject imports from Trinidad & Tobago. While Cornerstone submitted a number of lost sales and lost revenue allegations, as detailed above, these were largely not specific to subject imports from Trinidad & Tobago. CR at V-17 to V-18, PR at V-11. There are only a small number of confirmed allegations that can be traced directly to those subject imports. CR at V-33, PR at V-13. For instance, U.S. purchaser *** indicated that it had shifted about 30 percent of its total purchases to Trinidad & Tobago, and U.S. purchaser *** reported that it had shifted *** percent of its total purchases to Trinidad & Tobago. CR at V-32 to V-33, PR at V-13. Additionally, U.S purchaser, *** estimated that the domestic producer had reduced its prices by 25 percent in 2014 to compete with imports from China and from Trinidad & Tobago, and U.S. purchaser *** estimated that the domestic producer had reduced its prices by *** percent from 2012 to 2014 to compete with imports from Trinidad & Tobago. CR at V-33, PR at V-13. However, in light of the steady decrease in market share of subject imports from Trinidad & Tobago and the lack of correlation between the frequency of underselling and declining U.S. prices, these isolated instances do not lead us to conclude that subject imports had significant effects on U.S. prices or market share. CR/PR at Table C-3.

3. Impact of the Subject Imports from Trinidad & Tobago[146]

As our discussion in section VII.C. above indicates, although some indicators of domestic industry performance were stable or rising from 2012 to 2014, the domestic industry lost market share and experienced declining production, shipments, sales revenues, and profitability.[147]

Specifically, the domestic industry's capacity remained the same from 2012 to 2014 while production declined.[148] Consequently, capacity utilization also declined.[149] The domestic industry's U.S. shipments decreased from *** pounds in 2012 to *** pounds in 2013 and then to *** pounds in 2014.[150] The domestic industry's share of the U.S. market also decreased from *** percent in 2012 to *** percent in 2013 and *** percent in 2014.[151] Inventories fluctuated on an annual basis, increasing from *** pounds in 2012 to *** pounds in 2013, then decreasing to *** pounds in 2014.[152]

The domestic industry's employment, hours worked, and wages paid all rose from 2012 to 2014. By contrast, labor productivity decreased.[153]

The domestic industry's sales revenues decreased from $*** in 2012 to $*** in 2013 and remained relatively level at $*** in 2014.[154] The domestic industry's gross profit was *** in 2012, *** in 2013, and *** in 2014.[155] The domestic industry's operating income was $*** in 2012, $*** in 2013, and $*** in 2014.[156] As a ratio to net sales, the domestic industry's

[146] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final determination of sales at less value Commerce found antidumping duty margins of 172.53 percent for imports from Trinidad & Tobago. Commerce Final AD Determinations, 80 Fed. Reg. at 68846.

[147] We note that most indicators of domestic industry performance were better in interim 2015 than in interim 2014, including production, capacity utilization, quantity of U.S. shipments, market share, and measures of profitability. *See* CR/PR at Table C-3. As previously stated, however, we have accorded less weight to interim 2015 data due to the pendency of the investigations.

[148] The domestic industry's production capacity was *** pounds in each year of the POI. Production increased from *** pounds in 2012 to *** pounds in 2013 before decreasing to *** pounds in 2014. CR/PR at Table C-3.

[149] The domestic industry's capacity utilization rate, which was *** percent in 2012 and *** percent in 2013, declined to *** percent in 2014. CR/PR at Table C-3.

[150] CR/PR at Table C-3.

[151] CR/PR at Table C-3.

[152] CR/PR at Table C-3.

[153] From 2012 to 2014, employment rose by *** production related workers or by *** percent, hours worked increased by *** percent, and wages paid increased by *** percent. From 2012 to 2014, productivity decreased from *** pounds per hour in 2012 to *** pounds per hour in 2014 or by *** percent. CR/PR at Table C-3.

[154] CR/PR at Table C-3.

[155] CR/PR at Table C-3.

[156] CR/PR at Table C-3.

operating ratio was *** percent in 2012, *** percent in 2013, and *** percent in 2014.[157] Similarly, net income declined from *** in 2012 to *** in 2014.[158]

The domestic industry's reported capital expenditures and research and development expenses increased from 2012 to 2014. Total capital expenditures were $*** in 2012, $*** million in 2013, and $*** in 2014.[159] Research and development expenses were $*** in 2012, $*** in 2013, and $*** in 2014.[160]

While we acknowledge that the domestic industry's condition declined over the POI, the record in the final phase of these investigations does not indicate that the declines in the domestic industry's performance were caused by the presence of subject imports from Trinidad & Tobago. As previously discussed, the volume of subject imports from Trinidad & Tobago declined both absolutely and on a relative basis from 2012 to 2014. In 2014, when the domestic industry experienced the greatest deterioration of its trade and financial indicators, subject imports from Trinidad & Tobago were *** percent lower in quantity than in 2012, and their market share was *** percentage points lower.[161] In light of the lack of correlation between subject imports from Trinidad & Tobago and key indicators of the domestic industry's condition, the fact that subject imports from Trinidad & Tobago did not take market share from the domestic industry, and the lack of significant effects on the domestic industry's prices, we find that subject imports from Trinidad & Tobago did not cause the significant declines in the domestic industry's performance from 2012 to 2014.[162] Rather, for the reasons discussed in section VII above, we find that the domestic industry's unfavorable trends in operating performance were due to melamine imports from China.[163] [164]

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[157] CR/PR at Table C-3.

[158] CR/PR at Table C-3.

[159] CR/PR at Table VI-4.

[160] CR/PR at Table VI-4.

[161] CR/PR at Table C-3.

[162] Cornerstone argues that subject imports from Trinidad & Tobago, when placed within the context of their rapid entry into the U.S. market during 2010 and 2011, adversely impacted the domestic industry's prices and financial performance in 2012. Cornerstone Prehearing Br. at 14-18; Cornerstone Posthearing Br. at 9, 21-23. Cornerstone's argument overlooks that in the final phase of these investigations, the Commission's POI begins in 2012, not 2011 or 2010. The use of a POI of three calendar years and an interim period is consistent with our standard practice. Moreover, there is nothing in the record to indicate that 2012 involved anomalous conditions of competition warranting the Commission to deviate from this practice. The statute requires the Commission to determine whether the domestic industry is currently materially injured by reason of subject imports. *Chaparral Steel Co. v. United States*, 901 F.2d 1097, 1103-04 (Fed. Cir. 1990). As previously discussed, because the interim 2015 data were affected by the filing of the petitions, 2014 is the most recent period indicative of whether there has been current material injury by reason of subject imports. Here, the record does not indicate that subject imports from Trinidad & Tobago, which declined substantially both absolutely and on a relative basis over the POI, were responsible for any deterioration in the domestic industry's performance from 2012 to 2014.

[163] As required by Federal Circuit precedent, we treat imports from China as nonsubject imports in ascertaining whether subject imports from Trinidad & Tobago are causing material injury to the domestic industry. *Caribbean Ispat Ltd. v. United States*, 450 F.3d 1336 (Fed. Cir. 2006).

In view of the foregoing, we find that subject imports from Trinidad & Tobago have not had a significant impact on the domestic industry.[165] We accordingly determine that the domestic industry is not materially injured by reason of subject imports from Trinidad & Tobago.

B. No Threat of Material Injury by Reason of Subject Imports from Trinidad & Tobago

1. Legal Standards

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[166] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[167] In making our determination, we consider all statutory threat factors that are relevant to these investigations.[168]

(…Continued)

[164] In regard to the role of non-subject imports in the analysis of whether any material injury to the domestic industry is "by reason of" subject imports from Trinidad & Tobago, Vice Chairman Pinkert and Commissioner Kieff have considered whether the domestic industry would have been better off had the subject imports exited the market during the period of investigation. *Bratsk,* 444 F. 3d at 1375; *Mittal Steel,* 542 F. 3d at 878. They find that a benefit to the domestic industry under those circumstances would have been very unlikely, particularly because of the record evidence regarding the behavior of imports from China. Imports from China demonstrated a clear propensity during the period to replace subject imports from Trinidad & Tobago without any pricing benefit to the domestic industry. As Trinidad & Tobago retreated from the U.S. market starting in the third quarter of 2013 and continuing through 2014, China prices were lower than Trinidad & Tobago prices in 5 out of 6 comparisons for pricing product 2. In the sixth comparison, there was no difference in price on a per pound basis. CR/PR at Tables V-4, C-3, and Figure V-4.

[165] Respondents argue that because melamine is a commodity product and because price competitive nonsubject imports are a significant factor in the market, the Federal Circuit's decisions require the Commission to apply the type of replacement/benefit analysis specified in *Bratsk* in determining whether the domestic industry is materially injured by reason of imports from Trinidad & Tobago. Respondents' Posthearing Br. at 11, Ex. 5. We have conducted our causation analysis in accordance with the principles articulated in the most recent Federal Circuit decisions. *See Swiff-Train*, 793 F.3d at 1361-63; *Mittal Steel*, 542 F.3d at 876, 879.

[166] 19 U.S.C. § 1677(7)(F)(ii).

[167] 19 U.S.C. § 1677(7)(F)(ii).

[168] These factors are as follows:

(Continued...)

2. Cumulation for Threat

Under section 771(7)(H) of the Tariff Act, the Commission may "to the extent practicable" cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day if the requirements for cumulation in the material injury context are satisfied.[169]

For the reasons discussed in section IV above, the Commission's analysis of threat of material injury by reason of imports from Trinidad & Tobago must be based on those subject imports considered on an individual basis. Specifically, the statute prohibits cumulating imports from a CBERA beneficiary country, such as Trinidad & Tobago, for purposes of making either a material injury or threat of material injury determination with respect to subject imports from

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(…Continued)

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) 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,

…

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the analysis of subject import price effects. Statutory factors (VIII) and (IX) are discussed in the analysis of impact. Statutory factor (VII) concerning agricultural products is inapplicable to this investigation.

[169] 19 U.S.C. § 1677(7)(H).

that country.[170] Accordingly, for determining threat of material injury by reason of those subject imports from Trinidad & Tobago, we assess those imports on an individual basis.

3. Likely Volume of Subject Imports

As discussed above, the volume of subject imports from Trinidad & Tobago steadily decreased from 2012 to 2014. Import volume declined from *** pounds in 2012 to *** pounds in 2013 and then to *** pounds in 2014.[171] The market share held by subject imports from Trinidad & Tobago decreased from *** percent in 2012 to *** percent in 2013 and to *** percent in 2014.[172] The ratio of subject imports to U.S. production decreased from *** percent in 2012 to *** percent in 2013 and to *** percent in 2014.[173]

The record in the final phase of these investigations does not indicate that the decreased presence of subject imports from Trinidad & Tobago in 2013 and 2014 is likely to change in the imminent future.[174] MHTL's reported capacity declined from *** pounds in 2012 to *** pounds in 2013 and to *** pounds in 2014.[175] Its capacity utilization also declined significantly from *** percent in 2012 to *** percent in 2013 before increasing to *** percent in 2014.[176] As previously discussed, gas curtailment issues reduced MHTL's gas supply to its two melamine plants during the POI, causing MHTL to experience production outages during October and November 2013. Moreover, as a result of the curtailments, MHTL decided in ***.[177] Because gas curtailments are expected to continue, we find that during the imminent future, MHTL's melamine operations will likely operate at the decreased capacity utilization levels observed during 2013 and 2014, and that MHTL's production consequently is unlikely to increase.[178]

Petitioner argues that MHTL has the flexibility to allocate its natural gas supply across its five methanol plants and to the components of its Ammonia-Urea Ammonium Nitrate-Melamine ("AUM") Complex, which consists of MHTL's ammonia, melamine, and UAN

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[170] 19 U.S.C. §§ 1677(7)(G)(ii)(III), 1677 (7)(H).

[171] CR/PR at Table C-3.

[172] CR/PR at Table C-3.

[173] Derived from CR/PR at Table C-3.

[174] As discussed above, we find that the lower volume of subject imports from Trinidad & Tobago in interim 2015, from the already reduced levels from 2012 to 2014 in the context of gas curtailments in Trinidad & Tobago, was due at least in part to the pendency of the investigations, and we have accorded less weight to interim 2015 data for purposes of our threat analysis.

[175] CR/PR at Table VII-3a. Capacity was *** million pounds in interim 2014 and *** pounds in interim 2015. *See id.*

[176] CR/PR at Table VII-3a. Capacity utilization was *** percent in interim 2014 and *** percent in interim 2015. *See id.*

[177] CR at VII-7, PR at VII-4; Respondents' Posthearing Br. at Ex. 10, Ex. 17.

[178] Gas curtailments are expected to continue until 2018. CR at VII-19, PR at VII-7. British Petroleum is currently developing projects in the Juniper gas field off the coast of Trinidad & Tobago that are expected to come on stream in mid-2017 and are expected to relieve the supply shortages. *See id.*

operations.[179] Although the AUM Complex requires only a small fraction of natural gas used by MHTL, gas intended for MHTL's methanol plants cannot be used in MHTL's AUM production pursuant to its contractual arrangement with NGC.[180] Moreover, during a gas curtailment situation, allocating more gas to melamine production at the expense of UAN production would undermine the overall economic efficiency and profitability of the AUM facility.[181] Specifically, any increased revenue or profit made from increasing melamine production would be offset by increased losses from operating the UAN plant below optimum levels. Additionally, unlike melamine, which is sold on a quarterly basis, MHTL sells UAN under multi-year contracts with fixed supply quantities.[182] Consequently, MHTL does not have any incentive to favor melamine production over UAN production and will not likely allocate more gas to its melamine operations in the imminent future. Moreover, because MHTL has a contractual obligation to supply its parent company, Helm AG ("Helm"), with half of its annual production for sales in non-U.S. markets, and the other half of its annual production to Caribbean Petrochemical Company Limited ("CPC"), a Helm affiliate, for sale in the United States and Canada, MHTL will not likely increase the percentage amount of its annual production that is exported to the United States.[183]

The melamine industry in Trinidad & Tobago carried relatively small inventories of melamine that declined from 2012 to 2014.[184] U.S inventories of subject merchandise from Trinidad & Tobago declined on both a relative and absolute basis from 2012 to 2013, and increased from 2013 to 2014; 2014 U.S. inventory levels were higher on both a relative and absolute basis than those in 2012.[185] SCC *** the levels in both interim 2014 and full-year 2014; even so, its U.S. shipments of subject imports in interim 2015 were lower than in interim 2014.[186] In light of our prior finding that MHTL's production of subject merchandise is unlikely

[179] Cornerstone Posthearing Br. at 47-48.

[180] CR at VII-15, PR at VII-5.

[181] CR at VII-16 to VII-17, PR at VII-6.

[182] CR at VII-16 to VII-17, PR at VII-6.

[183] CR at VII-12, PR at VII-5.

[184] MHTL's end-of-period inventories were *** pounds in 2012, *** pounds in 2013, *** pounds in 2014, and *** pounds in interim 2015. As a ratio to production, MHTL's end-of-period inventories were *** percent in 2012, *** percent in 2013, *** percent in 2014, and *** percent in interim 2015. As a ratio to total shipments, MHTL's end-of-period inventories were *** percent in 2012 and 2013, *** percent in 2014, and *** percent in interim 2015. CR/PR at Table VII-3a.

[185] SCC's end-of-period inventories for subject merchandise from Trinidad & Tobago were *** pounds in 2012, *** in 2013, and *** pounds in 2014. As a ratio to U.S. shipments of imports, such inventories were *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table VII-4. The increase in inventory levels from 2013 to 2014 reflects to some extent SCC's effort to rebuild inventories, which had declined to low levels during 2013 when MHTL experienced production difficulties. CR at VII-7, PR at VII-4.

[186] Ending U.S. inventories of subject merchandise were *** pounds in interim 2015, as compared to *** pounds in interim 2014 and *** pounds in full-year 2014. U.S. shipments of subject imports from Trinidad & Tobago were *** pounds in interim 2015 and *** pounds in interim 2014. CR/PR at Table C-3. As noted above, we have accorded less weight to interim 2015 data, in light of the effect that the filing of the petitions had on the data in these investigations.

to increase in the imminent future, we find that the record data concerning U.S. inventory levels do not support a finding that additional imports of subject merchandise from Trinidad & Tobago are likely. Moreover, MHTL dedicates specific production units for melamine and for its other chemical products, and product shifting is, therefore, not likely with respect to subject imports from Trinidad & Tobago.[187]

In light of the foregoing, subject imports from Trinidad & Tobago will likely maintain the same presence in the U.S. market in the imminent future that they did during 2013 and 2014.[188] We consequently find that there is unlikely to be a significant rate of increase by subject imports from Trinidad & Tobago in the imminent future.[189] Instead, as explained below, likely subject import volume from Trinidad & Tobago will be at levels insufficient to cause likely significant price effects or impact.

4. Likely Price Effects of Subject Imports

We found above that although subject imports from Trinidad & Tobago predominantly undersold the domestic like product, the observed underselling, which occurred with greatest frequency during 2012 and 2013, did not lead to any increase in subject import market share and did not correlate with the largest declines in the domestic like product's prices, which occurred in 2014. We also found that subject imports from Trinidad & Tobago did not cause significant price effects because the price declines of the domestic like product and unfavorable changes in the domestic industry's ratio of COGS to sales reflected factors other than the subject imports from Trinidad & Tobago. Because the record provides no indication that the volume of subject imports from Trinidad & Tobago is likely to change appreciably from the decreased levels observed in 2013 and 2014, we find that subject imports in the imminent

[187] CR at VII-6, PR at VII-4.

[188] Due to the ongoing gas curtailment situation, subject imports from Trinidad & Tobago would likely maintain the same decreased presence in the U.S. market in the imminent future that they did during 2013 and 2014, whether or not antidumping duty or countervailing duty orders are issued on imports of melamine from China.

[189] We have considered the nature of the subsidies that Commerce found countervailable. In its final countervailing duty determination concerning melamine from China, Commerce found three preferential lending programs, one of which was specifically directed to exports, three income tax programs, three other tax programs, six programs for government provision of goods and services for less than adequate remuneration, and ten grant programs to be countervailable. *Melamine from the People's Republic of China*, 80 Fed. Reg. 68847, (final affirmative countervailing duty determination) (citing preliminary decision memo) (Dep't Commerce, Nov. 6, 2015). In its final countervailing duty determination concerning melamine from Trinidad & Tobago, Commerce found three tax programs, and one program for provision of utilities at less than adequate remuneration to be countervailable. *Melamine from Trinidad & Tobago*, 80 Fed. Reg. 68849 (final affirmative countervailing duty determination) (Dep't Commerce, Nov. 6, 2015) and accompanying I&D Memo at 4-12. In light of the considerations discussed above, we do not find that the nature of these subsidy programs makes further subject imports from Trinidad & Tobago likely. Imports of melamine from Trinidad & Tobago are not subject to dumping or subsidy findings in other markets. CR at VII-18-19, PR at VII-8-9.

future are similarly unlikely to cause significant price effects. We consequently find that imports of subject merchandise from Trinidad & Tobago are unlikely to enter the U.S. market at prices that are likely to have significant depressing or suppressing effects on domestic prices and that are likely to increase demand for further imports.

5. Likely Impact of Subject Imports

As discussed above, we have found that it is likely that the volume of subject imports from Trinidad & Tobago will remain at or near the volumes observed during 2013 and 2014 in the imminent future. Further, subject imports from Trinidad & Tobago are not likely to enter the U.S. market at prices that are likely to increase demand for further imports.

Although the domestic industry encountered declines in its performance over the POI, particularly with respect to its trade and financial indicators, we do not find that these were due to subject imports from Trinidad & Tobago, which were declining in volume and in market share. Given our conclusion that the volume of subject imports from Trinidad & Tobago will not imminently increase significantly from their 2013 and 2014 levels and will not likely have significant adverse price effects, we find that subject imports from Trinidad & Tobago will not likely have a significant impact on the domestic industry. Therefore, we do not find that material injury by reason of subject imports would occur absent issuance of an antidumping or countervailing duty order.

Accordingly, we conclude that the domestic melamine industry is not threatened with material injury by reason of subject imports of melamine from Trinidad & Tobago.

IX. Conclusion

For the reasons stated above, we determine that an industry in the United States is materially injured by reason of subject imports of melamine from China that are sold in the United States at less than fair value and subsidized by the government of China. We also determine that an industry in the United States is not materially injured nor threatened with material injury by reason of subject imports of melamine from Trinidad & Tobago that are sold in the United States at less than fair value and subsidized by the government of Trinidad & Tobago.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed with the U.S. Department of Commerce ("Commerce") and the U.S. International Trade Commission ("USITC" or "Commission") by Cornerstone Chemical Company ("Cornerstone"), Waggaman, Louisiana, on November 12, 2014, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized and less-than-fair-value ("LTFV") imports of melamine [1] from China and Trinidad and Tobago. The tabulation on the following page provides information relating to the background of these investigations.[2] [3]

[1] See the section entitled "The Subject Merchandise" in *Part I* of this report for a complete description of the merchandise subject to these investigations.

[2] Pertinent *Federal Register* notices are referenced in appendix A, and may be found at the Commission's website (www.usitc.gov).

[3] A list of witnesses who appeared at the hearing is presented in appendix B of this report.

Effective date	Action
November 12, 2014	Petition filed with Commerce and the Commission; institution of Commission investigation (79 FR 68699, November 18, 2014)
December 9, 2014	Commerce's notices of initiation (79 FR 73030;79 FR 73037)
December 30, 2014	Commission's preliminary determination (80 FR 518, January 6, 2015)
April 20, 2015	Commerce's preliminary affirmative countervailing duty determinations for China and Trinidad & Tobago and alignment of final determinations with final antidumping duty determinations (80 FR 21706; 80 FR 21708)
June 17, 2015	Commerce's preliminary determination of sales at less than fair value for Trinidad & Tobago and postponement of final determination (80 FR 34621)
June 18, 2015	Commerce's preliminary determination of China sales at less than fair value (80 FR 34891)
June 17, 2015	Commission's scheduling of the final phase melamine countervailing duty and antidumping duty investigations (80 FR 44150, July 24, 2015)
November 3, 2015	Commission's hearing
November 6, 2015	Commerce's final affirmative countervailing duty determinations for China and Trinidad and Tobago (80 FR 68847; 80 FR 68849)
November 6, 2015	Commerce's final determinations of sales at less than fair value for China and Trinidad and Tobago (80 FR 68851; 80 FR 68849)
December 2, 2015	Commission's vote
December 18, 2015	Commission's determinations and views

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

Section 771(7)(B) of the Tariff Act of 1930 (the "Act") (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission--

> *shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and. . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.*

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

> *In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.*
> *. . .*
> *In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether. . .(I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.*
> *. . .*
> *In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to . . . (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.*

Organization of report

Part I of this report presents information on the subject merchandise, preliminary subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of the U.S. producer. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

Melamine is generally used to manufacture amino resins, the major end uses of which include surface coatings, laminates, molding compounds, paper treatment, adhesives, and textile-treatment applications in the automotive, appliance, dinnerware, furniture, fabric, and wood paneling industries.[4] Cornerstone is the sole U.S. producer of melamine, while leading producers of melamine outside the United States include Sichuan Golden-Elephant Sincerity Chemical Co., Ltd.; Sichuan Jade Elephant Melamine Scientific and Technological Co. Ltd.; Henan Jinshan Chemical Group Co., Ltd.; Shandong Xintai Liaherd Chemical Co., Ltd.; and Sichuan Chemical Works Group Ltd. in China, and Methanol Holdings (Trinidad) Limited ("MHTL") in Trinidad and Tobago. The leading U.S. importers of melamine from China are ***, and the sole importer of melamine from Trinidad and Tobago is Southern Chemical Corporation ("Southern Chemical"). Leading importers of melamine from nonsubject countries (primarily Netherlands and Germany) include ***. U.S. purchasers of melamine are firms that produce melamine resins, predominately melamine-formaldehyde ("MF") resins;[5] purchasers include board manufacturers, foam producers, and molding compound producers.

Apparent U.S. consumption of melamine totaled approximately *** pounds ($***) in 2014. Cornerstone's U.S. shipments of melamine totaled *** pounds ($***) in 2014, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 55.2 million pounds ($35.0 million) in 2014 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 27.2 million pounds ($18.1 million) in 2014 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, tables C-1 through C-4.[6] U.S. industry data are based on Cornerstone's questionnaire response that accounted for all U.S. production of melamine from January 2012 through June 2015. U.S.

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[4] Petition, p. 3.

[5] Petition, p. 4.

[6] Under the Tariff Act, subject imports from a country that is a beneficiary of the Caribbean Basin Economic Recovery Act ("CBERA") may only be cumulated with imports from another CBERA beneficiary country for purposes of determining material injury, or threat thereof. Trinidad and Tobago is a CBERA beneficiary country, and consequently the Commission may not cumulate subject imports from China for purposes of its determinations on subject imports from Trinidad and Tobago. The CBERA exception however, does not bar the Commission from cumulating subject imports from Trinidad and Tobago with subject imports from China for the purpose of determining material injury, or threat thereof, by reason of subject imports from China if the statutory threshold criterion for cumulation is satisfied. *USITC Publication 4514, Melamine from China and Trinidad and Tobago (Inv. Nos. 701-TA-526-527 and 731-TA-1262-1263 (Preliminary))*, January 2015.

imports are based on official import data and on questionnaire responses from eleven U.S. importers that are believed to have accounted for 81.3 percent of imports from China and for all imports from Trinidad and Tobago between January 2012 and June 2015.

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has conducted several trade remedy investigations concerning melamine. In February 1977, the Treasury Department imposed antidumping duties on melamine from Japan.[7] In 1999, Commerce and the Commission issued affirmative sunset review determinations, continuing the order against imports of melamine from Japan.[8] The order was revoked effective September 1, 2004, after no domestic party responded to the notice of initiation.[9]

The Commission also conducted an antidumping investigation in 1979 concerning melamine in crystal form from Austria, Italy, and the Netherlands. The Commission's investigation was terminated in April 1980 because Commerce issued a final determination of no LTFV sales. An additional investigation concerning melamine from Brazil was conducted in 1982. The Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded, by reason of allegedly LTFV imports of melamine from Brazil.[10]

In addition, in February 1997, Commerce imposed an antidumping duty order on melamine institutional dinnerware from China, Indonesia, and Taiwan.[11] The order was revoked effective February 25, 2002, after no domestic party responded to the notice of initiation.[12]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On December 9, 2014, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigations on melamine from China and Trinidad and

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[7] *Melamine From Japan, Investigation No. AA1921-162 (Review)*, USITC Publication 3209 (July 1999), p. I-1.

[8] *Continuation of Antidumping Finding: Melamine From Japan*, 64 FR 47764, September 1, 1999.

[9] *Melamine in Crystal Form From Japan: Revocation of Antidumping Duty Finding*, 69 FR 61794, October 21, 2004.

[10] *Melamine From Brazil, Investigation No. 731-TA-I07 (Preliminary)*, USITC Publication 1303 (October 1982).

[11] *Notice of Antidumping Duty Orders and Amendment to Final Determination: Melamine Institutional Dinnerware Products From Indonesia, the People's Republic of China, and Taiwan*, 62 FR 8426, February 25, 1997.

[12] *Notice of Final Results*, 67 FR 7355, February 19, 2002.

Tobago.[13] Commerce initiated an investigation of the following alleged subsidy programs in China.

A. Preferential Lending
   1. Policy Loans
   2. Preferential Export Financing from the Export-Import Bank of China
   3. Preferential Loans to State Owned Enterprises ("SOEs")

B. Income Tax Programs
   1. Preferential Income Tax Program for High- or New-Technology Enterprises ("HNTEs")
   2. Preferential Income Tax Program for HNTEs in Designated Zones
   3. Preferential Income Tax Program Enterprises in Western China

C. Other Tax Programs
   1. Tariff Exemption for Imported Equipment
   2. VAT Rebates on FIE Purchases of Chinese-made Equipment
   3. Exemptions from Administrative Charges for Companies in Certain Industrial Zones

D. Government Provision of Goods and Services for Less Than Adequate Remuneration ("LTAR")
   1. Provision of Land Use Rights for LTAR
      i) Provisions of Land for LTAR to Enterprises in Encouraged Industries in Sichuan Province, Henan Province (Zhumadian District), Xinjiang Province (Shaya County), and Chengdu Province (Qingbaijiang District)
      ii) Land to SOEs for LTAR
      iii) Land Program to Enterprises in Industrial Zones: Zhumadian Industrial Cluster Zone, Yiyuan Economic Development Zone, Shaya Circular Economy Industrial Park
   2. Provision of Electricity for LTAR
   3. The Provision of Inputs for LTAR
      i) Natural Gas for LTAR
      ii) Coal for LTAR

E. Grants
   1. State Key Technology Renovation Project Fund
   2. Environmental Protection Special Fund
   3. Grants to Cover Legal Fees in Trade Remedy Cases
   4. Special Fund for Energy Saving Technology Reform
   5. Clean Production Technology Fund

[13] *Melamine from the People's Republic of China and Trinidad and Tobago: Initiation of Countervailing Duty Investigations*, 79 FR 73030, December 9, 2014.

6. Grants for Listing Shares
7. Direct Government Grants to Sichuan Golden-Elephant Sincerity Chemical Co., Ltd.
8. Direct Government Grants to Anhui Jinhe Industrial Co., Ltd.
9. Direct Government Grants to Sichuan Chemical Co., Ltd.
10. Direct Government Grants to Shandong Liaherd Chemical Industry Co., Ltd.

Commerce initiated an investigation of the following alleged subsidy programs in Trinidad and Tobago.

A. Bailout Program
   1. Equity Infusion
   2. Assumption of Obligations: Short-Term Investment Products
   3. Assumption of Obligations: Executive Flexible Premium Annuities
   4. Assumption of Obligations: CLICO Investment Bank

B. The Fiscal Incentives Order: Tax Programs
   1. Corporate Tax
   2. Customs Duties
   3. Certain Income Taxes

C. Land and Building Taxes

D. Provision of Natural Gas for Less Than Adequate Remuneration ("LTAR")

E. Provision of Electricity for LTAR

On November 6, 2015, Commerce published its notices in the *Federal Register* for the final determinations of its countervailing duty investigations on melamine from China and Trinidad and Tobago.[14] Commerce's final determinations of the countervailable subsidy rates for China and Trinidad and Tobago are presented in Table I-1.

[14] *Melamine from the People's Republic of China: Final Affirmative Countervailing Duty Determination*, 80 FR 68847, November 6, 2015; *Melamine from Trinidad and Tobago: Final Affirmative Countervailing Duty Determination*, 80 FR 68849, November 6, 2015.

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Table I-1
Melamine: Commerce's final countervailable subsidy rates, by countries and companies

Countries/companies	Subsidy rate (*percent*)
China:	
Far-Reaching Chemical Co., Ltd.	154.00
M and A Chemicals Corp. China	154.00
Qingdao Unichem International Trade Co., Ltd.	154.00
Shandong Liaherd Chemical Industry Co., Ltd.	156.90
Zongyuan Dahua Group Co., Ltd.	154.00
All others	154.58
Trinidad and Tobago:	
Methanol Holdings (Trinidad) Ltd. ("MHTL")	6.79
All others	6.79

Source: Melamine from the People's Republic of China: Final Affirmative Countervailing Duty Determination (80 FR 68847, November 6, 2015) and Melamine from Trinidad and Tobago: Final Affirmative Countervailing Duty Determination (80 FR 68849, November 6, 2015).

Alleged sales at LTFV

On November 6, 2015, Commerce published its notices in the *Federal Register* for the final determinations of its antidumping duty investigations on melamine from China and Trinidad and Tobago.[15] Commerce's final determinations of the sales at LTFV for China and Trinidad and Tobago are presented in Table I-2.

Table I-2
Melamine: Commerce's final sales at less than fair value, by countries and exporter

Countries/exporters	Weighted-average margin (*percent*)
China:	
PRC-Wide Entity	363.31
Trinidad and Tobago:	
Methanol Holdings (Trinidad) Ltd. ("MHTL")	172.53
All others	172.53

Source: Melamine from the People's Republic of China: Final Determination of Sales at Less Than Fair Value (80 FR 68851, November 6, 2015) and Melamine from Trinidad and Tobago: Final Determination of Sales at Less Than Fair Value (80 FR 68846, November 6, 2015).

[15] *Melamine from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*, 80 FR 68851, November 6, 2015; *Melamine from Trinidad and Tobago: Final Determination of Sales at Less Than Fair Value*, 80 FR 68846, November 6, 2015.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:[16]

> *The merchandise subject to these investigations is melamine (Chemical Abstracts Service ("CAS") registry number 108-78-01, molecular formula $C_3H_6N_6$).*[17] *Melamine is a crystalline powder or granule typically (but not exclusively) used to manufacture melamine formaldehyde resins. All melamine is covered by the scope of this investigation irrespective of purity, particle size, or physical form. Melamine that has been blended with other products is included within this scope when such blends include constituent parts that have been intermingled, but that have not been chemically reacted with each other to produce a different product. For such blends, only the melamine component of the mixture is covered by the scope of these investigations. Melamine that is otherwise subject to these investigations is not excluded when commingled with melamine from sources not subject to these investigations. Only the subject component of such commingled products is covered by the scope of these investigations.*
>
> *The subject merchandise is provided for in subheading 2933.61.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading and CAS registry number are provided for convenience and customs purposes, the written description of the scope is dispositive.*

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is classifiable in subheading 2933.61.00 of the 2015 HTS. The column-1 general rate of duty is 3.5 percent ad valorem. The subject melamine produced in Trinidad and Tobago is eligible for duty-free entry

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[16] *Melamine from the People's Republic of China : Preliminary Determination of Sales at less than Fair Value,* 80 FR 34891, June 18, 2015; *Melamine from Trinidad and Tobago: Affirmative Preliminary Determination of Sales at less than Fair Value and Postponement of Final Determination*, 80 FR 34621, June 17, 2015.

[17] Melamine is also known as 2,4,6-triamino-s-triazine; 1,3,5-Triazine-2,4,6-triamine; Cyanurotriamide; Cyanurotriamine; Cyanuramide; and by various brand names.

under the Caribbean Basin Economic Recovery Act, as set forth in HTS general note 7, upon proper importer claim.

THE PRODUCT

Description and applications

Melamine ($C_3H_6N_6$, CAS number 108-78-1) is an organic chemical most commonly used in the production of melamine-formaldehyde ("MF") resins.[18] Melamine is sold as a white, crystalline powder with a purity of 99.8 percent.[19] Melamine has a melting point of approximately 350 degrees Celsius, with vaporization, and is only slightly soluble in water.[20]

MF resins, the primary use for melamine, are used in the production of laminates, surface coatings, adhesives, molding compounds, paper treatments, and other applications. Laminates, which accounted for *** percent of melamine use in 2013, are used in kitchen and bathroom countertops, table tops, doors, and cabinets.[21] MF resins provide hardness, transparency, and stain resistance for a long-lasting working surface.[22] ***.[23] Other uses for MF resins include surface coatings (*** percent of U.S. melamine consumption in 2013), wood adhesives (*** percent), molding compounds (*** percent), paper treatment (*** percent), textile treatment (*** percent), and other applications (*** percent) in the automotive, furniture, appliance, and other industries.[24]

One application of melamine that might see more growth in the future is the addition of melamine to phenol-formaldehyde and phenol-urea-formaldehyde resins used in composite wood products such as oriented strand board, medium-density fiberboard, and plywood.[25] Melamine has not typically been used in these applications, but addition of melamine to these resins is one method of reducing formaldehyde emissions. Regulations requiring reduced formaldehyde emissions from composite wood products went into effect in California in 2009.[26] Although current use of melamine in this application is small, these and other regulations could lead to an increase in the use of melamine in the future.

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[18] Williams, L. L.. "Amino Resins and Plastics," *Kirk-Othmer Encyclopedia of Chemical Technology,* 2002.

[19] Petition, p. 3.

[20] Williams, L. L.. "Amino Resins and Plastics," *Kirk-Othmer Encyclopedia of Chemical Technology,* 2002.

[21] Petition, p. 3.

[22] Williams, L. L.. "Amino Resins and Plastics," *Kirk-Othmer Encyclopedia of Chemical Technology,* 2002.

[23] Petition, p. 3.

[24] Petition, pp. 3-4.

[25] Hearing transcript, p. 22 (Zoglio).

[26] California Air Resource Board, "Composite Wood Products ATCM," http://www.arb.ca.gov/toxics/compwood/compwood.htm (accessed December 10, 2014).

According to conference testimony, melamine used in some specialized, flame-retardant applications requires a powder that is more finely ground than the melamine product as it is typically sold.[27] However, these specialty applications have essentially disappeared in the United States. The petitioner is not aware of any of this type of finely ground melamine currently being sold in the U.S. market by the domestic producer or producers in the subject countries.[28]

Manufacturing processes

The two most common processes used in the production of melamine are a low-pressure, catalytic process developed by DSM and a high-pressure, non-catalytic process developed by Eurotecnica.[29] The domestic producer, Cornerstone, uses the low-pressure process[30] while the producer in Trinidad and Tobago and many of the producers in China use the high-pressure process. Both of these processes are licensed technologies. According to conference testimony, the owner of the license for the low-pressure technology used by Cornerstone issued very few licenses for this technology, but the owner of the high-pressure technology is an Italian engineering firm whose business model is licensing and building plants.[31]

In both processes, melamine is made from the thermal decomposition of urea (CH_4N_2O), which is made from the raw materials ammonia (NH_3) and carbon dioxide (CO_2).[32] Ammonia and carbon dioxide are reacted under heat and pressure to produce urea in an aqueous solution. The urea solution is concentrated and heated to produce melamine.[33] Both the low-pressure process and the high-pressure process produce melamine to the desired purity level.

The petition states that the melamine produced by both processes has the same characteristics, specifications, and uses;[34] however, conference testimony stated that there are minor differences in melamine produced in the high-pressure process that might affect some customers.[35] Two differences in the melamine produced by the high-pressure process are (1) higher levels of fines,[36] which can lead to clumping of the product during storage and

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[27] Conference transcript, p. 59 (Driscoll).

[28] Conference transcript, p. 59 (Dorn).

[29] Eurotecnica website, http://www.eurotecnica.it/index.php/en/ (accessed December 11, 2014).

[30] The facility currently operated by Cornerstone was initially a joint venture between American Cyanamid and DSM and the process was based on DSM's low-pressure catalytic technology. Conference transcript, p. 22 (Mikesell).

[31] Conference transcript, p. 62 (Mikesell).

[32] Petition, pp. 5-6, and hearing transcript, p. 24 (Mikesell).

[33] Hearing transcript, p. 24 (Mikesell).

[34] Petition, p. 6.

[35] Conference transcript, pp. 93–94 (Spencer).

[36] Powered melamine contains a distribution of particle sizes. "Fines" are the smallest particles sizes present in the powder. Conference transcript, p. 108 (Spencer).

transportation,[37] and (2) the presence of certain impurities that can affect the formulations used by the customer. The clumping makes the product more difficult to ship in bulk railcars.[38] Melamine from the low-pressure process does not have the same problem with clumping, giving Cornerstone the option of delivering in bulk.[39] According to conference testimony, melamine from the high-pressure process can produce certain impurities, namely oxyaminotriazines, that make the product unusable for some customers;[40] however, testimony at the final phase hearing states that the issues with impurities were largely resolved by the producer in Trinidad and Tobago in 2013.[41]

DOMESTIC LIKE PRODUCT ISSUES

The petitioner contends that the domestic like product should be defined as coextensive with the scope of the investigations as defined by Commerce.[42] The scope includes melamine that has been blended with other products when such blends include constituent parts that have been intermingled, but that have not been chemically reacted with each other to produce a different product. However, for such blends, only the melamine component of the mixture is covered by the scope of these investigations. The petitioner thus argues that the domestic like product only includes melamine and does not include any constituent parts intermingled with melamine, and it does not include the blend itself.[43] Southern Chemical does not contest petitioner's proposed domestic like product definition.[44]

The petitioner is only aware of one U.S. firm, *** that has blended melamine with other constituent parents for resale as a blend during the period of investigation.[45] [46] Neither petitioners nor respondents are aware of any imports of such blended products during the period of investigation.[47]

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. Information regarding these factors is discussed below.

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[37] Hearing transcript, p. 145 (Chandool).
[38] Hearing transcript, p. 149 (Spencer).
[39] Hearing transcript, p. 149 (Spencer).
[40] Conference transcript, pp. 94 and 104 (Spencer).
[41] Hearing transcript, pp. 145 (Chandool) and 152 (Spencer).
[42] Petition, p. 7.
[43] Petitioner's postconference brief, pp. 6-7.
[44] Respondents' postconference brief, p. 27.
[45] Petitioner's postconference brief, p. 7, n. 14 and Answers to Questions from Commission Staff, p. 9.
[46] Respondents were not aware of any U.S. producers of melamine blends. Respondents' postconference brief, p. 27.
[47] Petitioner's postconference brief, p. 9, and conference transcript, p. 101 (O'Brien).

Melamine is a fine, white crystalline powder that typically contains a minimum of 99.8 percent melamine by weight and has a molecular weight of 126.13, a specific density of 1.573 g/cc (depending on particle size), and a melting point of approximately 354 °C, with sublimation.[48] All melamine has the same chemical composition.[49]

Melamine is produced by first reacting ammonia and carbon dioxide under heat and extreme pressure to produce urea in a water solution. This urea is then concentrated and heated via molten salt circulation to produce melamine.[50] Two processes may be used to manufacture melamine: a high-pressure, non-catalytic process, and a low-pressure gaseous phase catalytic process. Regardless of the production process used, the end product has the same characteristics, specifications, and uses.[51] No other products can be produced on the same equipment used to manufacture melamine.[52]

Melamine is used to manufacture amino resins, the major end uses of which include surface coatings, laminates, molding compounds, paper treatment, adhesives, and textile-treatment applications in the automotive, appliance, dinnerware, furniture, fabric, and wood paneling industries.[53] Regardless of intended end use, Petitioner argues that all melamine has the same chemical formula and essentially the same physical characteristics. Thus, all melamine is interchangeable for the same end uses.[54] In addition, all melamine sold in the U.S. market, whether produced domestically or imported, is produced to meet common industry specifications.[55]

Petitioner states that all melamine is sold through identical channels of distribution, regardless of particle size distribution or packaging.[56] According to the Petitioner, melamine is a commodity product where price is the key purchasing factor.[57]

Neither petitioner Cornerstone, nor respondents Methanol Holdings and Southern Chemical, commented on domestic like product issues in their prehearing or posthearing briefs in the final phase of these investigations.

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[48] Petition, p. 3.
[49] Conference transcript, p. 22 (Mikesell).
[50] Conference transcript, p. 21 (Mikesell).
[51] Conference transcript, p. 21 (Mikesell).
[52] Petitioner's postconference brief, p. 6, and respondents' postconference brief, p. 26.
[53] Petition, p. 3.
[54] Petitioner's postconference brief, p. 6.
[55] Petitioner's postconference brief, p. 8.
[56] Petition, p. 8.
[57] Conference transcript, p. 28 (Driscoll).

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

U.S. MARKET CHARACTERISTICS

Melamine is used primarily in resins that have a wide range of applications, including the production of paints and coatings for the automotive and coil coating industries, decorative paper for cabinetry, laminates for counter tops and flooring, as well as in other residential and commercial construction uses.[1] Melamine is sold to the resin manufacturing industry which is highly consolidated.[2] In addition, there are only a few major purchasers of melamine's primary downstream product, melamine resin, including board manufacturers, foam producers, and molding compound producers.[3]

Apparent U.S. consumption of melamine increased by 1.9 percent from almost *** million pounds to *** million pounds in 2013, and returned to slightly lower than 2012 levels at *** million pounds in 2014.[4]

U.S. PURCHASERS

The Commission received 22 usable questionnaire responses from firms that bought melamine during January 2012-June 2015.[5] Twenty responding purchasers are end users (9 are resin producers, and 11 manufacture other goods using melamine, including flame retardants, additives for PVC, melamine formaldehyde product, polyurethane foam, high-pressure laminates, and compounders). *** responding purchasers are distributors. In general, responding U.S. purchasers were located in the Midwest (9 purchasers), the Northeast (6) and the Southeast (5). *** located in the Central Southwest. The responding purchasers represented firms in a variety of domestic industries, including resin producers, foam manufacturers, and flame retardant manufacturers. The largest responding purchaser of melamine was ***, followed by *** [6] which are resin producers, and *** which is a *** producer.

The market is made up of relatively few customers who generally negotiate with and source from multiple suppliers simultaneously.[7] Responding purchasers comprised of 71.3 percent of total apparent U.S. consumption from January 2012-June 2015.

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[1] Conference transcript, p. 17, 27 (Zoglio, Driscoll); Hearing transcript, pp. 21, 95 (Zoglio).

[2] Conference transcript, p. 28 (Driscoll).

[3] Petitioner's postconference brief, p. 12; Conference transcript, p. 113 (Spencer).

[4] Apparent U.S. consumption during January-June 2015 (*** million pounds) was *** percent lower than during January-June 2014 (*** million pounds).

[5] Of the 22 responding purchasers, 11 purchased the domestic melamine, 18 purchased imports of melamine from China, 9 purchased imports of melamine from Trinidad and Tobago. Three responding purchasers purchased imported melamine from Germany, five purchased imported melamine from the Netherlands, and ***.

[6] U.S. purchaser *** responded as *** during the preliminary investigations, and ***. See staff email with ***, November 6, 2015.

[7] Petitioner's prehearing brief, p. 24.

CHANNELS OF DISTRIBUTION

U.S. producers and importers sold almost exclusively to end users, as shown in table II-1. *** U.S. shipments were to end users, and remained relatively stable at *** percent in 2014. *** melamine from Trinidad and Tobago was sold to end users and the share of Chinese melamine sold to end users decreased slightly from *** percent in 2012 to *** percent in 2014.[8]

Table II-1
Melamine: U.S. producers' and importers' U.S. commercial shipments, by sources and channels of distribution, 2012-14, January to June 2014, and January to June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Share of quantity (percent)				
U.S. producers' U.S. shipments to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of imports from China to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of imports from Trinidad and Tobago to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of imports from subject sources to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of imports from all other sources to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***
U.S. importers' U.S. shipments of imports from all sources to:					
Distributors	***	***	***	***	***
End users	***	***	***	***	***

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

GEOGRAPHIC DISTRIBUTION

U.S. producer Cornerstone reported selling melamine to *** (table II-2). Importers of melamine from China reported selling to all regions, except the Mountains region. *** of melamine from

[8] The share of Chinese melamine sold to end users was *** percent during January-June 2014, and was *** percent during January-June 2015.

Trinidad and Tobago, ***, reported selling to ***. For U.S. producer Cornerstone, *** percent of sales were between 101 and 1,000 miles, and *** percent were over 1,000 miles. Importers of melamine from China sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles. Importers of melamine from Trinidad and Tobago sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

Table II-2
Melamine: Geographic market areas in the United States served by U.S. producers and importers

Region	U.S. producers	U.S. imports from	
		China	Trinidad and Tobago
Northeast	***	6	***
Midwest	***	5	***
Southeast	***	7	***
Central Southwest	***	1	***
Mountains	***	0	***
Pacific Coast	***	4	***
Other[1]	***	0	***
All regions (except Other)	***	0	***
Reporting firms	***	8	***

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

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, the U.S. producer of melamine has the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced melamine to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the large volume of U.S. exports, tempered by the relatively limited amount of unused capacity, and the inability to switch production to alternate products.

Industry capacity

According to U.S. producer Cornerstone, its melamine facility produces most efficiently in continuous operation and at full capacity.[9] Over the period of investigation, domestic capacity was *** at *** pounds. Domestic capacity utilization *** slightly from *** percent in

[9] Conference transcript, p. 24 (Mikesell).

2012 to *** percent in 2014. However, in January-June 2015, capacity utilization was *** percent, which is *** percent higher than in the same period in 2014. This somewhat high level of capacity utilization suggests that the U.S. producer may have limited ability to increase production of product in response to an increase in prices.

Alternative markets

Cornerstone's exports, as a percentage of total shipments, *** from *** percent in 2012 to *** percent in 2014.[10] Export shipments *** slightly from *** million pounds to *** million pounds indicating that U.S. producers may have some ability to shift shipments between the U.S. market and other markets in response to price changes. Petitioner stated that to maintain economic production levels, Cornerstone has needed to drop its prices, and export melamine to primarily (***)[11] which have lower prices than the U.S. market.[12] Petitioner reported that ***.[13]

The U.S. market is relatively small when compared to the larger markets in Europe, which consume five times as much melamine as the United States and China.[14]

Inventory levels

Cornerstone's end-of-year inventories as a share of total shipments *** from 2012-2014, first *** from *** percent in 2012 to *** percent in 2013, and then *** to *** percent in 2014.[15] These inventory levels suggest that U.S. producers may have a *** ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

Cornerstone stated that it *** switch production from melamine to other products.

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[10] The ratio of Cornerstone's exports to total shipments was *** percent during January-June 2014, and was *** percent during January-June 2015.

[11] U.S. producer Cornerstone's questionnaire, II-7.

[12] Conference transcript, p. 34 (Driscoll).

[13] Petitioner's posthearing brief, Answers to Commissioner Questions, p. 54.

[14] Hearing transcript, p. 103 (Zoglio).

[15] The ratio of end-of-year inventories to total shipments for Cornerstone was *** percent during January-June 2014, and was *** percent during January-June 2015.

Supply constraints

U.S. producer Cornerstone reported that in April 2013, it declared a force majeure to alert its customers of the potential for a supply disruption. However, it was able to supply all customers, and did not need to use the provision.[16] Two purchasers indicated that they had experienced supply constraints due to Cornerstone's ***. Purchaser *** indicated that Cornerstone had repeatedly failed to respond to pricing requests.

Additionally, Petitioner stated that in early 2013, there was a scheduled turnaround for maintenance, and that these turnarounds which limit production are generally scheduled every 18 months. These turnarounds contributed to the perceived tightness in supply in 2013.[17]

Subject imports from China[18]

Based on available information, producers of melamine from China have the ability to respond to changes in demand with large changes in the quantity of shipments of melamine to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the likely large unused production capacity of the Chinese melamine producers and the presence of alternate markets, and the inability to produce alternate products.

Industry capacity

There were no responses received from Chinese producers of melamine in the final phase. The responding Chinese producer in the preliminary phase reported that its capacity *** over 2011-2013 at around *** million pounds. Its capacity utilization ***, starting at *** percent in 2011, *** to *** percent in 2012, and *** to a capacity utilization rate of *** percent in 2013.[19]

The Petitioner reported that Chinese producers have recently built or plan to build 21 new facilities throughout China, and that Chinese government regulations mandate ***, exceeding the total imports from China in 2014 (28.7 million pounds).[20] U.S. purchaser *** reported that there is more melamine available in China since 2012.

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[16] Cornerstone declared a force majeure because it experienced a process equipment failure and reverted to its backup equipment. With a low inventory level, Cornerstone was worried about the reliability of its back up, but ultimately Cornerstone was able to supply its customers in every instance over the course of the force majeure. Conference transcript, p. 79 (Zoglio).

[17] Hearing transcript, pp. 72-73, 80 (Zoglio).

[18] The Commission received no questionnaire responses from China producers in the final phase of the investigation, and one questionnaire response during the preliminary phase.

[19] According to ***, Chinese producers of melamine had *** percent capacity utilization. Petitioner's prehearing brief, p. 71.

[20] Petitioner's prehearing brief, pp. 71-72.

Alternative markets

In 2014, 5.4 percent of Chinese melamine was exported to the United States. Top destination markets for Chinese melamine were Malaysia (16.8 percent of total exports), India (11.9 percent), and Korea (10.6 percent).[21]

Inventory levels

There were no responses received from Chinese producers of melamine in the final phase. In the preliminary phase, the responding Chinese producer reported that its inventories accounted for *** percent of total shipments, then rose to *** percent in 2012, and decreased to *** percent in 2013.

Production alternatives

There were no responses received from Chinese producers of melamine in the final phase. The responding Chinese producer in the preliminary phase reported that that ***.

Supply constraints

During the preliminary phase of the investigation, Chinese producer Zhongyuan Dahua reported that production capacity is restricted by ***.

Purchaser *** indicated that importer *** had production restrictions during the winter. Purchaser *** indicated that its manufacturer stopped supplying product to the United States because of the antidumping and countervailing duty investigations. While most U.S. importers reported no supply constraints, one importer (***) reported plant outages in China.

Subject imports from Trinidad and Tobago[22]

Based on available information, the producer of melamine in Trinidad and Tobago has the ability to respond to changes in demand with large changes in the quantity of shipments of melamine to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity, and the existence of alternate markets.

Industry capacity

Capacity in Trinidad and Tobago *** over the period of investigation, from *** million pounds in 2012 to *** million pounds in 2014.[23] Capacity utilization rates ***, but have shown

[21] Based on official exports statistics as reported by China Customs in the GTIS/GTA database using HTS subheadings 2933.61, accessed August 11, 2015.

[22] The Commission received a questionnaire response from the sole producer of melamine in Trinidad and Tobago, accounting for all U.S. imports of melamine from Trinidad and Tobago during 2012-15.

an overall *** since 2012. Capacity utilization *** substantially from *** percent in 2012, to *** percent in 2013, but *** to *** percent in 2014.[24] According to respondent, MHTL's melamine plant is meant to run continuously for efficient production.[25]

Alternative markets

MHTL reported *** domestic sales over the period of investigation. Exports to the United States as a share of total exports have increased from *** percent in 2012 to *** percent in 2014, but total shipments to the U.S. market have *** over the period of investigation.[26] In 2014, *** percent of exports were shipped to the Europe, *** to other North American markets, and *** percent of exports went to markets other than Asia and North America. MHTL allocates 50 percent of its production to its affiliate, Southern Chemical, for sales in the United States and Canada.[27]

Inventory levels

Reported inventories, as a share of total shipments *** slightly over the period of investigation, from *** percent (***) in 2012 to *** percent (***) in 2014.[28]

Petitioner reported that melamine from Trinidad and Tobago is warehoused by importer Southern Chemical at its four domestic locations.[29]

Production alternatives

Trinidadian producer MHTL reported that *** and there is no potential for product shifting because melamine has dedicated units that cannot be used for production of other chemicals.[30] However, MHTL is able to shift its available inputs of ammonia and urea away from melamine production to the production of other products such as urea-ammonium nitrate

(…*continued*)

[23] Capacity decreased from *** million pounds in January-June 2014 to *** million pounds in January-June 2015.

[24] Capacity utilization rates *** from *** percent in January-June 2014 to *** percent in January-June 2015.

[25] Conference transcript, p. 106 (Spencer).

[26] Export shipments to the United States as a share of total exports were *** percent in January-June 2014, and *** percent in January-June 2015.

[27] Hearing transcript, pp. 34 (Driscoll), and 59 (Orava).

[28] Inventories as a share of total shipments were *** percent in January-June 2014, and *** percent in January-June 2015.

[29] Conference transcript, p. 34 (Driscoll).

[30] Trinidadian respondents' post-conference brief, p. 26 and conference transcript, p. 101 (O'Brien).

(UAN) depending on prices of melamine.[31] Respondents argued that these other products are ***.[32]

Supply constraints

Four of 18 responding purchasers reported that they had experienced supply constraints with importer ***. Purchaser *** indicated that its manufacturer stopped supplying product to the United States because of the antidumping and countervailing duty investigations. Purchaser *** reported that since the beginning of the antidumping and countervailing investigations, it has been reluctant to buy and its supplier has been reluctant to sell melamine ***.

U.S. importer Southern Chemical reported that it ***.

Respondents argued that since 2012, there have been natural gas curtailments in Trinidad and Tobago which resulted in production difficulties and a structural imbalance between supply and demand that is likely to continue through at least 2017. [33] The gas curtailment is largely due to a lack of investment, increased maintenance of rigs, and the cessation of contracting for the supply of "cushion" gas by the Trinidadian national gas company.[34] In addition to the gas curtailment, MHTL experienced production problems including outages at the upstream ammonia or urea plants, and electrical outages.[35] U.S. purchaser *** reported that European suppliers cannot meet its specifications for melem content.[36]

Nonsubject imports

The largest sources of nonsubject imports during January 2012-June 2015 were the Netherlands and Germany. Combined, these countries accounted for 99.5 percent of nonsubject imports and for 32.9 percent of total U.S. imports in 2014. However, during January-

[31] Hearing transcript, pp. 30 (Mikesell), and 62-63(Zoglio); Petitioner's posthearing brief, p. 48.

[32] Respondents' posthearing brief, p. 14. MHTL stated that it considers factors including contractual commitments, relative return of the various products, operational constraints, and the economic performance of the facility when determining allocation of natural gas. Respondents' posthearing brief, Exh. 22, pp. 2-3.

[33] From 2012 to 2014, MHTL's production of melamine dropped by over ***, and declined further into 2015. Respondents alleged that nothing other than the gas curtailment situation explains the decline in MHTL's melamine production. Respondents' posthearing brief, p.1.

[34] Respondents' prehearing brief, pp. 11-12, 14; Hearing transcript, p. 142 (Chandool); Respondents' posthearing brief, p. 1.

[35] Respondents' prehearing brief, p. 17.

[36] Melamine homologues (melam, melem, melon) have higher thermal stability compared to pure melamine and melamine cyanurate. Special Chem, http://polymer-additives.specialchem.com/selection-guide/melamine-compounds-as-flame-retardants/melamine-homologues, Accessed November 12, 2015.

June 2015, this share increased to 67.0 percent of total U.S. imports, as imports from China and Trinidad and Tobago decreased from 68.9 percent to 32.1 percent.[37]

Petitioner argued that producers in Germany and the Netherlands do not view the U.S. market for melamine as one of their primary markets, because sales to the United States make up a small percentage of their total sales.[38]

New suppliers

Seven of 21 responding purchasers indicated that new suppliers entered the U.S. market since January 1, 2012. Purchaser *** indicated that there is a new supplier in Oman; *** reported that there are new or returning suppliers such as Nissan (Japan), Mitsui (Japan), Muntajat (Qatar), BASF (Germany), Eurochem (Russia), and Sichuan Golden Elephant (China); and *** indicated that Mistubishi (Japan) and Lanark Resources Group (Qatar) were new suppliers. Purchaser *** reported that new suppliers ***, so the names of the new suppliers are unknown. Purchaser *** reports that as China and Trinidad and Tobago have "backed away" from the market, Borealis (Germany) has re-entered.[39]

U.S. demand

Based on available information, the overall demand for melamine is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products. While the cost share for melamine resins is large, the share of resins in products further downstream is relatively small.

End uses

U.S. demand for melamine depends on the demand for U.S.-produced downstream products. Melamine is used primarily in the production of melamine resins, which are then used in a wide variety of applications.[40] Reported end uses for melamine resin include wood adhesives, polyurethane foam, foam for upholstery or car sponges, water soluble polymers, coatings, paper coatings, and other laminates.

Respondents argue that day-to-day demand for melamine is driven largely by purchasers' perceptions of supply in the market relative to their end users' consumption.[41]

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[37] During January-June 2014, imports from the Netherlands and Germany accounted for 30.9 percent of total imports.

[38] Hearing transcript, p. 114 (Zoglio). Reasons that the European market for melamine is so large are that laminate flooring is much more popular in Europe than in the United States, and formeldahyde emissions regulations have been in place in Europe for much longer than in the United States. Hearing transcript, p. 119 (Zoglio).

[39] Purchaser ***'s questionnaire, III-9.

[40] Purchases of melamine by resin producers accounted for *** percent of total melamine purchases during 2012-2014.

[41] Respondents' prehearing brief, p. 18.

Additionally, respondents argued that the price purchasers pay for melamine is influenced by the sales prices they are able to achieve for their own downstream products.[42]

Cost share

Melamine accounts for a moderate-to-large share of the cost of resins (between 20 and 70 percent),[43] and for small-to-moderate shares for end-use products further in the manufacturing chain. Melamine in formaldehyde compounds accounts for around *** percent of total cost, and between *** percent of the total cost of flooring backing paper and flooring overlay paper. Melamine in carpet backing compounds accounts for *** percent of the cost and melamine used in paper saturating and coatings account for about *** percent of the cost. Melamine used in high-pressure laminates generally accounts for between 5 and 10 percent of the cost; and melamine used in foams generally accounts for between 3 and 6 percent of the cost.

Business cycles

Five of 10 responding importers and 3 of 19 responding purchasers indicated that the market is subject to business cycles.[44] Specifically, importers *** reported that since melamine is used predominantly in building products such as paints, panels, laminates, foams, and molding plastics, demand falls during the winter months. Importer *** reported that demand for melamine is linked to GDP growth and construction indices. Purchaser *** reported that the availability of natural gas in China during the winter impacts melamine availability and price.

U.S. producer Cornerstone indicated that the melamine market *** subject to distinct conditions of competition ***. Five of 6 importers reported that the melamine market is not subject to distinct conditions of competition, but importer *** reported that there are several distinguishing conditions of competition, including manufacturing processes, packaging preferences ***, transportation costs, and delivery lead times. Sixteen of 18 responding purchasers indicated that the market is not subject to distinct conditions of competition. Purchaser *** reported that "Asian" suppliers shut down some manufacturing sites during the winter, and purchaser *** reported that the melamine market is affected by global and regional supply and demand cycles.

Nine of 14 purchasers reported changes to business cycles and conditions of competition, citing foreign suppliers' reaction to the import injury investigation, reduced demand for end products, availability issues, and reduced prices making different sources alternatively competitive. Four importers reported that business cycles and conditions of competition have changed. Importer *** reported that overseas freight and raw material prices, such as those for natural gas, have increased, that there is increasing global interest in the low-pressure (Tsinghua) process, and that there have been new developments in melamine

[42] Respondents' posthearing brief, p. 5, Exh. 4.
[43] The top four largest purchasers of melamine, *** produce resins.
[44] U.S. producer *** in its questionnaire.

product technology (such as melamine fiber and melamine foam). Importer *** reported that recovery in the U.S. housing, auto, and construction sectors have affected the melamine market, and importer *** reported that as the U.S. dollar appreciates, more imports will enter the U.S. market.

Demand trends

A plurality of firms reported an increase in U.S. demand for melamine since January 1, 2012 (table II-3). Three of 9 responding importers reported that U.S. demand fluctuated since 2012. Purchasers' responses regarding domestic demand were mixed, but a plurality of purchasers (7 of 17) reported an increase in domestic demand. Responses regarding demand outside the United States were mixed. U.S. producer Cornerstone reported that demand ***. Most importers reported an increase or fluctuation in demand outside of the United States. Two of the five responding purchasers reported that demand outside of the United States was unchanged since 2012, and two of five reported that demand fluctuated since 2012. U.S. purchaser *** reported that demand increased as the economy recovered. Demand for purchasers' final products was also mixed. Seven purchasers reported an increase in demand for end products, six purchasers reported fluctuating demand, and four purchasers each reported a decrease or no change in demand for final products.

Table II-3
Melamine: Firms' responses regarding U.S. demand and demand outside the United States

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand inside the United States:				
U.S. producers	***	***	***	***
Importers	5	1	0	3
Purchasers	7	4	2	4
Demand outside the United States:				
U.S. producers	***	***	***	***
Importers	3	0	1	2
Purchasers	1	2	0	2
Demand for purchasers' final products:				
Purchasers	7	4	4	6

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

Firms were asked how demand for various package sizes has changed since January 1, 2012 (table II-4). Generally, firms indicated that demand trends for 50 to 60 pound bags, 1,000 to 3,000 pound bags, and bulk melamine either increased or remained unchanged. U.S. producer Cornerstone reported *** demand for all packaging sizes, and most importers reported no change in demand of all packaging sizes. Most responding purchasers reported no change in demand for 50 to 60 pound bags, and most responding purchasers reported increasing or constant demand of 1,000 to 3,000 pound bags and bulk melamine. Three of 14 responding purchasers reported that demand for 1,000 to 3,000 pound bags fluctuated since

January 1, 2012. Five of nine responding purchasers reported that demand for bulk/loose melamine was unchanged.

Table II-4
Melamine: Firms' responses regarding demand for different packaging sizes

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand for 50 to 60 pound bags: U.S. producers	***	***	***	***
Importers	1	5	0	1
Purchasers	1	9	2	2
Demand for 1,000 to 3,000 pound bags: U.S. producers	***	***	***	***
Importers	1	7	0	1
Purchasers	4	8	1	3
Demand for Bulk/loose: U.S. producers	***	***	***	***
Importers	1	3	0	0
Purchasers	1	5	2	1

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

Substitute products

Substitutes for melamine are very limited. The vast majority of producers, importers, and purchasers reported that there are no substitutes. Purchaser *** reported that phenol can be used as a substitute for melamine in the production of wood resin. Importer *** reported that *** and that the price of melamine is independent of the price of this substitute. Importer *** reported that some alternative flame retardants can be used in paint, foam, and adhesives.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported melamine depends upon such factors as relative prices, quality (e.g., industry standards, reliability of supply, impurities and contaminants, 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 high degree of substitutability between domestically produced melamine and melamine imported from subject sources.

Packaging

A majority of purchases (70.9 percent) were in 1,000 to 3,000 pound bags. Purchases of bulk melamine accounted for 26.8 percent of the total reported quantity of melamine purchased since 2012, and purchases of melamine in 50 to 60 pound bags were smaller, accounting for 2.1 percent. One purchaser reported purchasing *** pound bags of melamine which accounted for *** percent of purchases by quantity.

Seven of 22 purchasers reported that they are able to switch between packaging sizes. The second largest purchaser, ***, reported that it is able to switch between packaging sizes. Purchaser *** reported that it prefers 1,000 to 3,000 pound bags because larger bags are easier to handle, and purchaser *** reported that it uses 50 pound bags for small batches but larger 2,000 pound bags are preferred for reduced handling, safety, and reduced exposure. Purchaser *** reported that it uses both 1,000 to 3,000 pound bags and 50 to 60 pound bags, and will usually inventory some of each. The remaining purchasers reported that production equipment does not allow for them to switch between packaging sizes.

Cornerstone and importers were asked if they or their customers were able to switch between various packaging sizes (50 to 60 pound bags, 1,000 to 3,000 pound bags, and bulk/loose melamine) in the production process. U.S. producer Cornerstone reported that its customers *** to switch between packaging sizes, and five of 9 responding importers reported their customers are able to switch between packaging sizes. U.S. importers *** and *** reported that customers may be reluctant to switch because it may require that they adapt their formulation or a modification of their operational processes, and *** reported that packaging size depends on the material handling system of the user.

*** reported that it was aware of *** where a customer altered its operation process to accommodate different packaging sizes, and that price is generally not a consideration. When asked if they switched purchased from one packaging size to another because of a price difference, only purchaser *** reported that it switched because of price, and ***.

There have only been three U.S. purchasers that have received melamine in bulk - ***, which received *** percent of its total purchases in bulk, ***, which received *** percent of its purchases in bulk, and ***, which received *** percent of its purchases in bulk. *** reported switching from bulk to super sacks (1,000 to 3,000 pound bags) because its new supplier no longer supplied material in railcars.[45] The other two purchasers are able to use melamine both in bulk and in bags.[46] Respondents argue that while melamine itself is identical, differences in packaging styles may limit product substitutability, and that this is particularly true between bulk delivery and bagged melamine.[47]

Lead times

U.S. producer Cornerstone and the sole importer of Trinidadian melamine reported that *** percent of their commercial shipments are sold from inventory. The majority of Chinese melamine is produced-to-order (*** percent); *** percent is sold from U.S. inventories; and *** percent is sold from foreign inventories. Cornerstone reported that lead times for its product *** is one to two weeks. Importers of product from both China and Trinidad and Tobago reported that lead time for their commercial shipments sold from inventories is 7-10

[45] *** U.S. purchaser ***'s questionnaire, III-6d.

[46] Purchaser questionnaires, III-6d; Hearing transcript, p. 38 (Driscoll). Southern Chemical reported that it knows of only one customer who is able to receive melamine shipments in both railcars and super sacks. Hearing transcript, p. 225 (Spencer).

[47] Respondents' prehearing brief, p. 26; Hearing transcript, p. 149 (Spencer).

days. Importers of melamine from China reported lead times for shipments from foreign inventories reported lead times of 35-60 days. Shipments of Chinese melamine that are produced-to-order have a lead time of 70-80 days.

Knowledge of country sources

Fifteen purchasers indicated they had marketing/pricing knowledge of domestic product, 16 of Chinese product, 9 of Trinidadian product, 7 of Dutch product, and 5 of German product. *** reported pricing knowledge of Japanese product.

As shown in table II-5, most purchasers and their customers “sometimes” or “never” make purchasing decisions based on the producer or country of origin. The one purchaser reporting that they “always” make decisions based the manufacturer, reported that they always take care to purchase from “reputable suppliers.”

Table II-5
Melamine: Purchasing decisions based on producer and country of origin

Decision	Always	Usually	Sometimes	Never
Purchases based on producer:				
Purchaser's decision	3	1	7	9
Purchaser's customer's decision	0	0	2	10
Purchases based on country of origin:				
Purchaser's decision	0	1	4	15
Purchaser's customer's decision	0	1	1	10

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

Factors affecting purchasing decisions

The most-often cited top three factors firms consider in their purchasing decisions for melamine were price (19 firms), quality (18 firms), and availability (15 firms) as shown in table II-6. Quality was the most frequently cited first-most important factor (cited by 9 firms), followed by price (5 firms); price was the most frequently reported second-most important factor (7 firms); and availability was the most frequently reported third-most important factor (7 firms).

Table II-6
Melamine: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality[1]	9	6	3	18
Price	5	7	7	19
Availability	4	4	7	15
Other[2]	2	3	3	8

[1] Quality characteristics may include: particle size (9 purchasers); pH levels (6); moisture content/no clumps (5) ; meets standards (4); color (3); impurity and contaminant content (3); flowability (2); assay; melem levels; high purity, cleanliness, and reactivity; good packaging; odor; and viscosity (1 each).
[2] Other factors include packaging (3 firms); approved/traditional supplier, delivery, lead time (2 firms each); volume contracts, security of supply, service, payment terms (1 firm each).

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

Almost half of purchasers (8 of 19) reported that they usually buy the lowest-priced product for their purchases. Nine purchasers reported that they sometimes buy the lowest-priced product.

When asked if they purchased melamine from one source although a comparable product was available at a lower price from another source, 12 purchasers reported they did, for reasons including availability/ready supply (4 purchasers); lead times (3); availability of melamine in railcars, and quality (2 each); a preference for domestic product; and risk mitigation in case of supply disruption. INEOS stated that it buys the bulk of its melamine from one of its highest-cost suppliers because of a global arrangement, and because of its confidence in the quality, reliable supply, and delivery.[48]

Four of 20 responding purchasers reported that certain types of product were only available from a single source. U.S. purchaser *** and U.S. purchaser *** reported that low-grade melamine is only available from China. U.S. purchaser *** reported that significant differences exist in the physical characteristics of melamine produced by different production processes[49] and these differences may impact internal conveyance, or may require different packaging considerations. U.S. purchaser *** reported that only *** are able to meet its specifications for ***.

Nineteen out of 20 responding purchasers reported that they did not modify or change their production processes based on the country source of melamine. U.S. purchaser *** reported that it needed additional filters for the dust with Chinese and Trinidadian melamine. Most purchasers (13 of 21) did not report experiencing impurities, contaminants, or other physical defects (e.g. “clumping”) in their melamine purchases. Three purchasers reported experiencing contaminants in their purchases from Cornerstone. U.S. purchaser *** reported that it experienced a very costly quality issue with Cornerstone. Three purchasers reported

[48] Hearing transcript, p. 221 (Hansen).
[49] U.S. purchaser *** explained that the DSM process is used by producers in the United States, Germany, and the Netherlands; the Eurotechnica process is used by some producers in China, Trinidad and Tobago, Qatar, and Russia; and that some Japanese producers have developed a proprietary melamine production process that differ from the DSM or Eurotechnica processes.

experiencing problems with product from Trinidad and Tobago, including particle size issues ***; viscosity issues, impurities, and contaminants. Purchaser *** reported that it experienced some clumping but did not identify the source, and purchaser *** reported that clumping occurs when melamine from any source is exposed to moisture.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 17 factors in their purchasing decisions (table II-7). The factors rated as "very important" by more than half of responding purchasers were availability and reliability of supply (20 purchasers each); product consistency (18); price (16); clumpiness, delivery time, and quality meets industry standards (14 each); acidic impurities and and packaging (12 each).

Table II-7
Melamine: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Number of firms reporting		
	Very	Somewhat	Not
Acidic impurities	12	7	1
Availability	20	0	0
Clumpiness	14	6	0
Delivery terms	7	12	1
Delivery time	14	6	0
Discounts offered	4	13	3
Extension of credit	6	8	7
Minimum quantity requirements	4	6	10
Packaging	12	6	2
Price	16	4	0
Product consistency	18	2	0
Product range	2	3	15
Quality exceeds industry standards	4	10	6
Quality meets industry standards	14	5	1
Reliability of supply	20	0	0
Technical support/service	3	12	5
U.S. transportation costs	4	12	4

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

Petitioner argued that price is the key purchasing factor of melamine, followed by quality, and that both China and Trinidad and Tobago have demonstrated to U.S. customers that their melamine is comparable to U.S.-produced melamine.[50] Respondents indicated that

[50] Hearing transcript, p. 32 (Driscoll).

some of the major quality concerns with Trinidadian melamine in the early years of the investigation have largely been resolved.[51]

Supplier certification

Sixteen of 18 responding purchasers require their suppliers to become certified or qualified to sell melamine to their firm. Purchasers reported that the time to qualify a new supplier ranged from 3 to 365 days, with nine purchasers reporting a range of 30 to 60 days, and five purchasers reporting a range of 90-180 days. The largest U.S. purchasers reported *** to qualify a new supplier with *** reporting *** days and *** reporting *** days.

U.S. purchaser *** reported that it has a *** contract with Cornerstone *** from Cornerstone, and that the only other qualified supplier is a Chinese supplier. It also reported that *** is no longer able to meet its specifications. Four purchasers reported that some Chinese and Japanese suppliers had failed in their attempts to qualify product, but did not provide details.

Most purchasers described their certification processes as first identifying suppliers that provide melamine that meets specifications, and purchasers will then request samples to run a lab batch, which is usually analyzed and tested. Purchasers also reported taking reliability, quality, and availability into account when certifying suppliers.

Changes in purchasing patterns

Purchasers were asked about changes in their purchasing patterns from different sources since 2012 (table II-8). Of the purchasers that bought U.S.-produced melamine, most reported that their purchases of domestic product decreased, citing reasons such as price, a loss of business due to increased regulation of melamine, and decreased demand of end products using melamine. Purchaser *** reported that a major customer went out of business, leaving them with a large overstock of melamine.

[51] When MHTL began production in 2010, there were oxyaminotriazines (OATs) and high levels of turbidity which affected melamine resin producers that required high levels of purity. These issues were largely resolved in 2013. Additionally Trinidadian melamine had problems with clumping, but MHTL believes that it has largely managed this issue through changes in packaging and tighter production controls. Hearing transcript, p. 145 (Chandool).

Table II-8
Melamine: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	6	6	3	1	3
China	3	3	5	4	6
Trinidad and Tobago	7	5	1	1	2
All other sources	9	0	2	1	2

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

Most purchasers of Chinese melamine reported that their purchases fluctuated. U.S. purchaser *** reported its purchases of Chinese melamine increased because it was evaluating melamine *** and purchaser *** reported increased purchases of Chinese melamine because of favorable pricing. Most purchasers of Trinidadian product reported that their purchases decreased. U.S. purchaser *** reported that its purchases of Trinidadian melamine decreased because there was better pricing and availability for Chinese product. Other reasons reported for changes in sourcing included price, particle size issues (China), availability, production issues, variations in customers' order patterns, and decreasing demand for melamine due to regulation changes.[52]

Ten of 18 responding purchasers reported that they had changed suppliers since January 1, 2012. One firm dropped or reduced purchases from importer *** because of price. Firms added or increased purchases from *** because of price. U.S. purchaser *** increased supply through Sichuan Golden Elephant (China) to ***. U.S. purchaser *** reported changing suppliers because of particle size, and purchaser *** reported adding *** (China) because it produces a different product, but did not elaborate. U.S. purchaser *** reported that its suppliers are chosen due to price and availability, which can change quarterly. Purchaser *** reported that since the antidumping and countervailing duty investigation began, it has started purchasing from a larger melamine resin manufacturer that is located nearer to its plant.

Importance of purchasing domestic product

Seventeen of 19 responding purchasers reported that purchasing domestic product was not an important factor in their purchasing decisions (and 100 percent of their purchasers did not require domestic product). Large U.S. purchaser *** reported that its customers required domestic product for about *** percent of its purchases, and large purchaser *** reported that its customers required domestic product for about *** percent of its purchases.

[52] California has implemented regulations to limit formaldehyde emissions ("Carb standards"). Many purchasers have a positive view of the effect of these standards on the demand for melamine. Hearing transcript, pp. 97-98 (Zoglio).

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing melamine produced in the United States, subject countries, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 17 factors (table II-9) for which they were asked to rate the importance. Fourteen purchasers compared U.S. product with Chinese product. The majority of purchasers reported that U.S. product is comparable to Chinese product for almost all factors with the exception of delivery time (for which most purchasers ranked U.S. product superior to Chinese product), price (for which most purchasers ranked U.S. product inferior to Chinese product), and technical support/service (for which purchasers were evenly split, ranking U.S. product superior or comparable to Chinese product). Nine purchasers compared U.S. product with Trinidadian product and a plurality reported that U.S. product is comparable to Trinidadian product for all factors with the exception of clumpiness (for which most purchasers reported U.S. product was superior), and reliability of supply (for which purchasers were almost evenly split, ranking U.S. product superior or comparable to Trinidadian product).

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

Factor	Number of firms reporting								
	United States vs. China			United States vs. Trinidad and Tobago			China vs. Trinidad and Tobago		
	S	C	I	S	C	I	S	C	I
Acidic impurities	5	8	0	3	5	0	0	5	2
Availability	5	8	1	2	6	1	1	4	3
Clumpiness	5	8	0	5	3	1	1	7	0
Delivery terms	4	9	1	1	8	0	0	7	1
Delivery time	8	4	2	3	6	0	0	4	4
Discounts offered	1	8	6	1	6	2	1	6	0
Extension of credit	1	11	2	2	7	0	0	7	0
Minimum quantity requirements	1	12	1	1	7	1	0	7	0
Packaging	4	9	1	2	6	1	1	6	1
Price[1]	0	5	9	0	5	4	2	6	0
Product consistency	5	8	1	2	7	0	0	6	2
Product range	4	10	0	1	8	0	0	7	0
Quality exceeds industry standards	5	9	0	2	7	0	0	6	1
Quality meets industry standards	4	10	0	1	8	0	0	7	0
Reliability of supply	7	5	2	4	4	1	1	4	3
Technical support/service	7	7	0	3	5	1	0	6	1
U.S. transportation costs[1]	3	10	1	2	6	1	1	5	2
Factor	**United States vs. Germany**			**United States vs. Netherlands**			**United States vs. All other sources**		
	S	C	I	S	C	I	S	C	I
Acidic impurities	0	6	0	1	6	0	1	1	0
Availability	2	5	0	0	7	0	1	1	0
Clumpiness	0	6	0	1	6	0	1	1	0
Delivery terms	0	6	0	0	7	0	1	1	0
Delivery time	4	2	0	3	4	0	1	1	0
Discounts offered	0	4	2	0	5	2	0	1	1
Extension of credit	0	6	0	0	7	0	0	2	0
Minimum quantity requirements	0	6	0	0	7	0	0	2	0
Packaging	0	6	0	1	6	0	0	2	0
Price[1]	0	3	3	1	4	2	0	1	1
Product consistency	0	6	0	0	7	0	0	2	0
Product range	0	6	0	0	7	0	0	1	1
Quality exceeds industry standards	0	6	0	0	7	0	0	2	0
Quality meets industry standards	0	6	0	0	7	0	0	1	1
Reliability of supply	0	6	0	1	6	0	0	2	0
Technical support/service	1	5	0	1	6	0	0	2	0
U.S. transportation costs[1]	0	6	0	0	7	0	0	1	1

Table continued on next page.

Table II-9 --*Continued*
Melamine: Purchasers' comparisons between U.S.-produced and imported product

Factor	Number of firms reporting								
	China vs. Germany			China vs. Netherlands			China vs. All other sources		
	S	C	I	S	C	I	S	C	I
Acidic impurities	0	1	3	0	2	3	0	2	2
Availability	0	2	2	0	2	3	1	1	2
Clumpiness	0	2	2	0	3	2	0	4	0
Delivery terms	0	2	2	0	3	2	0	3	1
Delivery time	0	2	2	0	2	3	0	2	2
Discounts offered	2	2	0	0	4	1	2	2	0
Extension of credit	0	4	0	0	3	2	1	3	0
Minimum quantity requirements	0	4	0	0	3	2	1	3	0
Packaging	0	3	1	0	2	3	1	3	0
Price[1]	2	2	0	1	4	0	3	1	0
Product consistency	0	1	3	0	2	3	0	4	0
Product range	1	1	2	1	2	2	1	3	0
Quality exceeds industry standards	0	1	3	0	2	3	0	3	1
Quality meets industry standards	0	2	2	0	3	2	0	4	0
Reliability of supply	0	1	3	0	1	4	1	2	1
Technical support/service	0	1	3	0	1	4	0	3	1
U.S. transportation costs[1]	0	3	1	1	3	1	0	2	2
Factor	**Trinidad and Tobago vs. Germany**			**Trinidad and Tobago vs. Netherlands**			**Trinidad and Tobago vs. All other sources**		
	S	C	I	S	C	I	S	C	I
Acidic impurities	0	3	1	0	3	2	0	2	0
Availability	1	3	0	1	2	2	0	2	0
Clumpiness	0	3	1	0	3	2	0	2	0
Delivery terms	0	4	0	0	4	1	0	2	0
Delivery time	2	2	0	0	4	1	0	2	0
Discounts offered	1	3	0	1	3	1	0	2	0
Extension of credit	0	4	0	0	4	1	0	2	0
Minimum quantity requirements	0	4	0	0	4	1	0	2	0
Packaging	0	4	0	0	3	2	0	2	0
Price[1]	1	3	0	2	2	1	0	2	0
Product consistency	0	4	0	0	2	3	0	2	0
Product range	0	3	1	0	4	1	0	2	0
Quality exceeds industry standards	0	4	0	0	4	1	0	2	0
Quality meets industry standards	0	4	0	0	4	1	0	2	0
Reliability of supply	0	4	0	0	3	2	0	2	0
Technical support/service	2	2	0	0	4	1	0	2	0
U.S. transportation costs[1]	0	4	0	1	3	1	0	2	0

[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.

Eight purchasers compared product from China with that from Trinidad and Tobago, and a plurality reported that Chinese melamine is comparable to Trinidadian melamine for almost all factors with the exception of delivery time (for which purchasers were evenly split, ranking Chinese product comparable or inferior to Trinidadian product). Most purchasers reported that U.S. and nonsubject product were comparable on all 17 factors with the exception of U.S. purchasers rating U.S. product comparable or inferior to German product on price, and U.S. product superior or comparable to the delivery time of German product.

Comparison of U.S.-produced and imported melamine

In order to determine whether U.S.-produced melamine can generally be used in the same applications as imports from China and Trinidad and Tobago, 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, most firms reported that melamine from the United States and China is "always" or "frequently" interchangeable. Similarly, most responding firms reported that melamine from the United States and Trinidad and Tobago is "always" or "frequently" interchangeable. No importers or U.S. producer reported that product from any two country pairs was "never" interchangeable with each other. Only one purchaser reported that U.S. and Trinidadian melamine were "never" interchangeable.

Table II-10
Melamine: Interchangeability between melamine produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	1	6	1	0	5	4	6	0
United States vs. Trinidad and Tobago	***	***	***	***	3	1	0	0	3	5	1	1
China vs. Trinidad and Tobago	***	***	***	***	0	4	0	0	2	4	4	0
United States vs. Germany	***	***	***	***	4	0	0	0	4	4	1	0
United States vs. Netherlands	***	***	***	***	4	0	0	0	6	4	1	0
United States vs. Other	***	***	***	***	1	1	0	0	2	2	1	0
China vs. Germany	***	***	***	***	0	4	0	0	1	3	3	0
China vs. Netherlands	***	***	***	***	0	4	0	0	2	4	3	0
China vs. Other	***	***	***	***	1	1	0	0	2	3	1	0
Trinidad and Tobago vs. Germany	***	***	***	***	2	2	0	0	1	4	2	0
Trinidad and Tobago vs. Netherlands	***	***	***	***	2	2	0	0	2	5	2	0
Trinidad and Tobago vs. Other	***	***	***	***	1	1	0	0	2	3	1	0
Germany vs. Netherlands	***	***	***	***	4	0	0	0	4	3	1	0
Germany vs. Other	***	***	***	***	1	0	0	0	2	2	1	0
Netherlands vs. Other	***	***	***	***	1	0	0	0	1	3	1	0

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

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

As can be seen from table II-11, nine of 16 responding purchasers reported that domestically-produced product "always" met minimum quality specifications. Thirteen of 19

responding purchasers reported that Chinese melamine "always" or "usually" met minimum quality specifications, and eight of ten purchasers reported that Trinidadian melamine "always" or "usually" met minimum quality specifications. MHTL and Southern Chemical believe that Trinidadian melamine is essentially interchangeable with other melamine, but argue that there is a lingering perception of some customers that its product is not as good as others.[53]

Table II-11
Melamine: Ability to meet minimum quality specifications, by source[1]

Source	Always	Usually	Sometimes	Rarely or never
United States	9	5	1	1
China	8	5	5	1
Trinidad and Tobago	3	5	1	1
Germany	4	1	2	0
Netherlands	7	1	1	0
Other	0	0	1	0

[1] Purchasers were asked how often domestically produced or imported melamine 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 differences other than price were significant in sales of melamine from the United States, subject, or nonsubject countries. As seen in table II-12, U.S. producer Cornerstone reported that for all country pairs, differences other than price were *** significant. For all country pairs, virtually all importers reported that differences other than price were "sometimes" or "never" significant.

[53] Respondents' prehearing brief, p. 24; Respondents' posthearing brief, Exh. 8. In ***, Southern Chemical's customers experienced a variety of clumping problems and acidic impurities. Hearing transcript, p. 157 (Emerson).

Table II-12
Melamine: Significance of differences other than price between melamine produced in the United States and in other countries, by country pairs

Country pair	U.S. Producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs. China	***	***	***	***	0	1	5	2	4	2	6	3
United States vs. Trinidad and Tobago	***	***	***	***	0	0	1	2	3	3	2	1
China vs. Trinidad and Tobago	***	***	***	***	0	0	2	1	2	1	5	1
United States vs. Germany	***	***	***	***	0	0	0	4	2	1	2	3
United States vs. Netherlands	***	***	***	***	0	0	0	4	3	2	2	2
United States vs. Other	***	***	***	***	0	0	1	1	0	0	1	1
China vs. Germany	***	***	***	***	0	0	2	1	2	0	3	1
China vs. Netherlands	***	***	***	***	0	0	2	1	2	1	4	0
China vs. Other	***	***	***	***	0	0	1	1	0	0	3	0
Trinidad and Tobago vs. Germany	***	***	***	***	0	0	1	2	1	0	4	1
Trinidad and Tobago vs. Netherlands	***	***	***	***	0	0	1	2	2	0	5	0
Trinidad and Tobago vs. Other	***	***	***	***	0	0	1	1	0	0	4	0
Germany vs. Netherlands	***	***	***	***	0	0	0	3	2	0	1	3
Germany vs. Other	***	***	***	***	0	0	0	1	0	0	1	1
Netherlands vs. Other	***	***	***	***	0	0	0	1	0	0	1	1

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

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

Purchaser responses were more varied. When comparing domestically produced melamine to Chinese melamine, a plurality of purchasers reported that differences other than price were “sometimes” significant, four reported differences were “always” significant, two purchasers reported that differences were “frequently”, and three reported that differences were “never” significant. When comparing U.S. melamine to Trinidadian melamine, six purchasers reported that differences other than price were “always” or “frequently” significant, and three reported that differences were only “sometimes” or “never” significant. When comparing product from China and Trinidad and Tobago, most responding purchasers reported that differences other than price were “sometimes” significant.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates and their comments have been included below.

U.S. supply elasticity

The domestic supply elasticity[54] for melamine measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of melamine. The elasticity of domestic supply is driven by the existence of inventories, and the availability of alternate markets for U.S.-produced melamine to which the U.S. industry already exports a large share of its total shipments.[55] The elasticity of domestic supply is limited by relatively low levels of excess capacity, a limited ability to alter capacity utilization,[56] and no ability to shift to production of other products. Analysis of these factors earlier indicates that the U.S. industry has the ability to increase shipments to the U.S. market; an estimate in the range of 1 to 3 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for melamine measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of melamine. This estimate depends on factors discussed earlier such as the very limited substitute products, as well as the moderate (but varied) component share of the melamine in the production of many downstream products. Based on the available information, the aggregate demand for melamine is likely to be inelastic; a range of -0.5 to -1 is suggested. Respondents argue that demand elasticity is closer to -1, due to import competition also faced by end users, and that some of the largest end use applications also have large cost shares of melamine in their total product costs.[57]

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[58] While many firms have reported that different production processes that create differences in the clumpiness and fines of the melamine, most firms agree that domestically produced melamine is comparable and interchangeable with subject product. Based on available information, the elasticity of substitution between U.S.-produced melamine and Chinese melamine is likely to be relatively high, and in the range of 3 to 6. Given *** reported by importers and purchasers, the elasticity of supply for Trinidadian melamine may be on the lower end of the spectrum.

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

[55] During January 2012-June 2015, Cornerstone *** of its total shipments.

[56] For efficient production, melamine plants must run at close to 100 percent capacity utilization.

[57] Respondents' prehearing brief, p. 20.

[58] 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.

MHTL reported that it "generally" agrees with this estimate.[59] Petitioner argued that the increase in Trinidadian imports could not have occurred without a very high level of substitutability between subject countries and the United States, so estimates the elasticity of substitution is at the higher end of the spectrum.[60]

[59] Respondents' prehearing brief, p. 22. Respondents argued that German, Dutch, and Chinese melamine could have been substituted for Trinidadian melamine, but Trinidadian melamine could not always be substituted for the melamine of these other producers. Hearing transcript, p. 236 (Emerson); Respondents' posthearing brief, Exh. 8.

[60] Petitioner's prehearing brief, p. 3.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and is based on the questionnaire response of Cornerstone that accounted for all U.S. production of melamine during 2014.

U.S. PRODUCER

The petitioner, Cornerstone, is the only known U.S. producer of melamine, and its questionnaire response accounted for 100 percent of U.S. production of melamine during the period of investigation.[1] Cornerstone has one manufacturing plant located in Waggaman, LA. The facility was constructed by its predecessor company, American Cyanamid, and has been in operation since 1952.[2] In 1993, the facility was spun off as part of a new company, Cytec Industries. The facility was most recently sold in 2011 to a private company and has operated independently since that time.[3] [4] Cornerstone operates three manufacturing units at the facility and provides infrastructure support for two other chemical producers.[5]

Producers were asked to report any changes in operations since January 2012. Cornerstone reported that it has operated at less than full capacity during the period of investigation.[6] It has also ***. Cornerstone's ***.[7]

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-1 and figure III-1 present Cornerstone's production, capacity, and capacity utilization. Cornerstone's reported capacity *** between 2012 and 2014 and between the interim 2014 and 2015 periods. Production capacity is based upon operating ***. Cornerstone's production facility is designed to produce melamine most efficiently in continuous operation at full capacity 24 hours per day, seven days a week.[8] Periodically shutting down a plant would require the removal of ammonia from the processing equipment to permit a safe hold

[1] Petition, p. 2.
[2] Conference transcript, p. 16 (Zoglio).
[3] Conference transcript, p. 19 (Zoglio).
[4] Cornerstone is *** percent owned by ***. Cornerstone ***.
[5] Conference transcript, pp. 16-17 (Zoglio).
[6] Conference transcript, p. 24 (Mikesell).
[7] Cornerstone's U.S. producer questionnaire response, section II-2.
[8] Conference transcript, p. 24 (Mikesell).

condition. This would involve both the venting of ammonia to the flare and the steam flushing of equipment, which would incur significant costs.[9]

Reported production decreased by *** percent between 2012 and 2014 and was *** percent higher in interim 2015 than in interim 2014. Cornerstone explained that it declared a force majeure event in April 2013 because it had a process equipment failure, requiring the company to revert to its backup equipment. The backup equipment was able to supply its customers over the period of the force majeure, and the original equipment was back in service and operating by June 2013.[10]

Table III-1
Melamine: Cornerstone's production, capacity, and capacity utilization, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

Figure III-1
Melamine: Cornerstone's production, capacity, and capacity utilization, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

The Commission asked the domestic producer to report constraints on its capacity to produce melamine. Cornerstone stated the only potential constraint ***.[11]

Cornerstone produces the following products at its Waggaman, LA plant: acrylonitrile, hydrogen cyanide, melamine oleum, sulfuric acid, and urea.[12] Cornerstone, *** produce other products using the same equipment, machinery, and production and related workers employed to produce melamine. Melamine is ***. Cornerstone's melamine facility was designed, built, and licensed specifically for the production of melamine. It ***.[13]

CORNERSTONE'S U.S. SHIPMENTS AND EXPORTS

Table III-2 presents Cornerstone's U.S. shipments, export shipments, and total shipments. The quantity of Cornerstone's U.S. shipments decreased from 2012 to 2014 by *** percent, and was *** percent higher in the 2015 interim period than the 2014 interim period.

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[9] Conference transcript, p. 25 (Mikesell).
[10] Conference transcript, pp. 79-80 (Zoglio).
[11] Cornerstone's U.S. producer questionnaire response, section II-3d.
[12] Cornerstone Chemical Company, http://www.cornerstonechemco.com/ckfinder/userfiles/files/SiteProfile.pdf, accessed November 20, 2014.
[13] Conference transcript, p. 23 (Mikesell); Cornerstone's U.S. producer questionnaire response, section II-3f.

The value of Cornerstone's U.S. shipments decreased as well from 2012 to 2014 by *** percent, and was *** percent higher in the 2015 interim period than the 2014 interim period. The unit values of U.S. shipments increased by *** percent from 2012 to 2013 but decreased overall by *** percent from 2012 to 2014. Cornerstone reported exporting to ***. Export shipments decreased by *** percent from 2012 to 2013 and were *** percent lower overall from 2012 to 2014, and *** percent lower in the 2015 interim period than the 2014 interim period. Cornerstone ***.[14]

Table III-2
Melamine: Cornerstone's U.S. shipments, export shipments, and total shipments, 2012-14, January-June 2014, and January-June 2015

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Table III-3 presents Cornerstone's export shipments by destination markets.

Table III-3
Melamine: U.S. producers' export shipments by destination market, 2012-14, January-June 2014 and January-June 2015

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-4 presents U.S. Cornerstone's end-of-period inventories and the ratio of these inventories to Cornerstone's production, U.S. shipments, and total shipments over the period examined. Cornerstone's inventories of melamine increased by *** percent from 2012 to 2014 and also were *** percent lower during the 2015 interim period than during the 2014 interim period. Inventories relative to total shipments increased by *** percentage points from 2012 to 2014 and were *** percentage points lower during the 2015 interim period than the 2014 interim period. If properly stored in dry areas, the shelf life of melamine is in excess of one year.[15]

Table III-4
Melamine: Cornerstone's inventories, 2012-14, January-June 2014, and January-June 2015

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[14] Cornerstone's U.S. producer questionnaire response, section II-11.
[15] Cornerstone Chemical Company, Melamine Technical Information Sheet, http://www.cornerstonechemco.com/ckfinder/userfiles/files/Melamine-technicalsheet.pdf, accessed November 20, 2014.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 shows Cornerstone's employment-related data during the period examined. The level of production-related workers (PRWs) increased by *** percent from 2012 to 2014 and *** during the 2014 and 2015 interim periods. Hours worked per PRW decreased by *** percent from 2012 to 2014, while productivity *** between 2012 and 2014 and *** from interim 2014 to interim 2015.

According to Cornerstone, ***.[16]

Table III-5
Melamine: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

[16] Cornerstone's U.S. producer questionnaire response, section II-11.

PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION, AND MARKET SHARES

U.S. IMPORTERS

The Commission issued importer questionnaires to 18 firms believed to be importers of subject melamine, as well as to all U.S. producers of melamine.[1] Usable questionnaire responses were received from eleven companies, representing 50.0 percent of U.S. imports of melamine from China and 101.0 percent of imports of melamine from Trinidad and Tobago between January 2012 and June 2015 under HTS subheading 2933.61.00.[2] Table IV-1 lists all responding U.S. importers of melamine from China, Trinidad and Tobago, their headquarters, and their shares of U.S. imports, in January 2012 through June 2015.

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than *** percent of total subject imports under HTS subheading 2933.61.00 in January 2012 through June 2015.

[2] Aggregated subject questionnaire coverage of 81.3 percent is based on reported questionnaire subject country import data of 129.1 million pounds versus official subject country import data of 158.7 million pounds for the January 2012 through June 2015 period of investigation.

Table IV-1
Melamine: Responding U.S. importers, headquarters, and share of U.S. imports by source, January 2012 – September 2015

Firm	Headquarters	Share of imports by source (percent)		
		China	Trinidad & Tobago	All other sources
ATI Chemical Distribution, LLC	Plymouth, MN	***	***	***
Borealis Compounds Inc.	Port Murray, NJ	***	***	***
Century Multech, Inc.	Flushing, NY	***	***	***
Future Foam, Inc.	Council Bluffs, IA	***	***	***
Gromax Enterprises Corporation	Irvine, CA	***	***	***
JLS Chemical Inc.	Pomona, CA	***	***	***
OCI Melamine Americas Inc.	Wilmington, DE	***	***	***
S.A.F.E. Chemicals LLC	The Woodlands, TX	***	***	***
Southern Chemical Corporation	Houston, TX	***	***	***
U.S. Chemicals,LLC	Darien, CT	***	***	***
Wego Chemical & Mineral Corp.	Great Neck, NY	***	***	***
Total		***	***	***

[1] Century Multech is ***.
[2] Gromax Enterprises is ***.
[3] OCI Melamine Americas is ***.
[4] S.A.F.E. Chemicals LLC is ***.
[5] Southern Chemical is ***.

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

U.S. IMPORTS

Tables IV-2a and IV-2b and figures IV-1a and IV-2b present data for U.S. imports of melamine from China, Trinidad and Tobago, and all other sources. U.S. import data in Table IV-2a is compiled from official import statistics, HTS subheading 2933.61.00. U.S. import data in Table IV-2b is compiled from official import statistics, except as noted. Imports from China increased by 388.8 percent overall from 2012 to 2014; imports from China increased by 297.5 percent between 2012 and 2013 before increasing by 23.0 percent from 2013 to 2014. Imports from China were 74.8 percent lower in interim 2015 compared to interim 2014. Imports from Trinidad and Tobago decreased overall by 29.9 percent and were lower in interim 2015, by 64.8 percent, than in interim 2014.

Southern Chemical imports some melamine into the United States to store in warehouses in New Jersey or Oregon before delivering to customers in Canada.[3] Southern

[3] Conference transcript, p. 111 (Spencer); Southern Chemical Corp.'s U.S. importer questionnaire response, section II-2 and section II-6.

Chemical exports about 10 percent of its imported melamine to Canada.[4] Exports to Canada of imported melamine from Trinidad and Tobago were ***.

[4] Conference transcript, p. 88 (Spencer).

Table IV-2a
Melamine: U.S. imports by source, 2012-14, January-June 2014, and January-June 2015

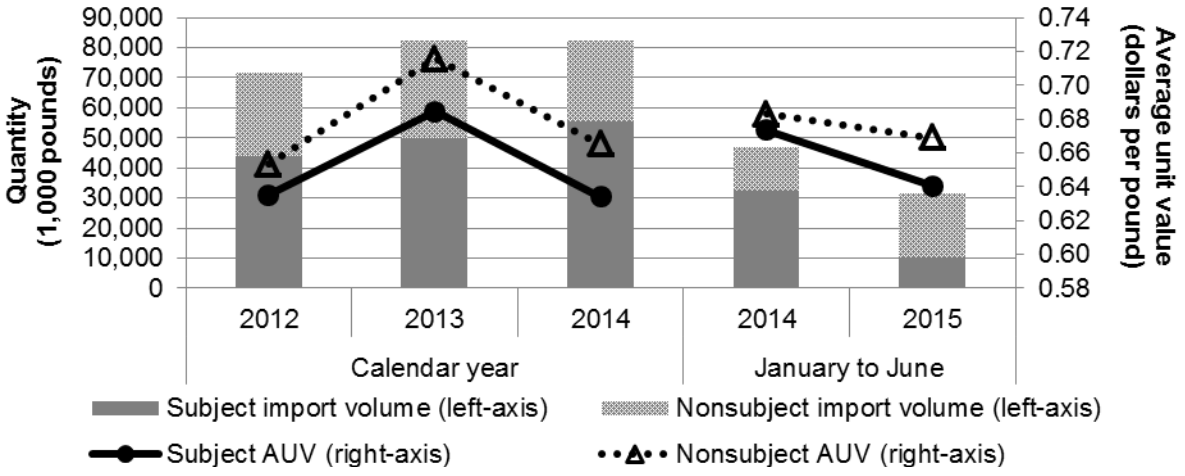
Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (1,000 pounds)				
U.S. imports from.--					
China	5,871	23,335	28,696	12,782	3,216
Trinidad and Tobago	37,787	26,418	26,500	19,665	6,923
Subject sources	43,658	49,754	55,196	32,447	10,138
All other sources	27,999	32,461	27,248	14,617	21,407
Total U.S. imports	71,657	82,215	82,444	47,065	31,546
	Value[1] (1,000 dollars)				
U.S. imports from.--					
China	4,801	16,323	17,216	8,263	2,025
Trinidad and Tobago	22,929	17,740	17,772	13,586	4,469
Subject sources	27,730	34,063	34,988	21,849	6,494
All other sources	18,295	23,227	18,119	9,982	14,320
Total U.S. imports	46,025	57,290	53,107	31,831	20,814
	Unit value (dollars per pound)				
U.S. imports from.--					
China	0.82	0.70	0.60	0.65	0.63
Trinidad and Tobago	0.61	0.67	0.67	0.69	0.65
Subject sources	0.64	0.68	0.63	0.67	0.64
All other sources	0.65	0.72	0.66	0.68	0.67
Total U.S. imports	0.64	0.70	0.64	0.68	0.66
	Share of quantity (percent)				
U.S. imports from.--					
China	8.2	28.4	34.8	27.2	10.2
Trinidad and Tobago	52.7	32.1	32.1	41.8	21.9
Subject sources	60.9	60.5	66.9	68.9	32.1
All other sources	39.1	39.5	33.1	31.1	67.9
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports from.--					
China	10.4	28.5	32.4	26.0	9.7
Trinidad and Tobago	49.8	31.0	33.5	42.7	21.5
Subject sources	60.3	59.5	65.9	68.6	31.2
All other sources	39.7	40.5	34.1	31.4	68.8
Total U.S. imports	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Source: Compiled from official Commerce statistics.

Figure IV-1a

Melamine: U.S. import volumes and prices, 2012-14, January to June 2014, and January to June 2015



Source: Table IV-2a.

Table IV-2b
Melamine: U.S. imports by source, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (1,000 pounds)				
U.S. imports and shipments of imports from.--China	5,871	23,335	28,696	12,782	3,216
Trinidad and Tobago[1]	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	27,999	32,461	27,248	14,617	21,407
Total U.S. imports	***	***	***	***	***
	Value (1,000 dollars)[2]				
U.S. imports and shipments of imports from.--China	4,801	16,323	17,216	8,263	2,025
Trinidad and Tobago[1]	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	18,295	23,227	18,119	9,982	14,320
Total U.S. imports	***	***	***	***	***
	Unit value (dollars per pound)				
U.S. imports and shipments of imports from.--China	0.82	0.70	0.60	0.65	0.63
Trinidad and Tobago[1]	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	0.65	0.72	0.66	0.68	0.67
Total U.S. imports	***	***	***	***	***
	Share of quantity (percent)				
U.S. imports and shipments of imports from.--China	***	***	***	***	***
Trinidad and Tobago[1]	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)				
U.S. imports and shipments of imports from.--China	***	***	***	***	***
Trinidad and Tobago[1]	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
Total U.S. imports	100.0	100.0	100.0	100.0	100.0

[1] U.S. shipments of imports from responses to Commission questionnaires.
[2] Landed duty-paid.

Source: Compiled from official Commerce statistics, except as noted.

Figure IV-1b
Melamine: U.S. imports by source, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

Table IV-3 presents data for U.S. imports of melamine from nonsubject sources. The leading sources of nonsubject imports in 2014 were Netherlands, Germany, and Japan, which collectively represented 99.7 percent of total nonsubject imports in 2014.

Table IV-3
Melamine: U.S. nonsubject imports by source, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (1,000 pounds)				
U.S. imports from.--					
Netherlands	20,259	16,107	20,513	9,770	14,426
Germany	7,375	10,525	6,584	4,752	6,719
Japan	139	31	58	29	222
All other sources	226	5,798	92	67	40
Imports from nonsubject sources	27,999	32,461	27,248	14,617	21,407
	Share of total imports, quantity (percent)				
U.S. imports from.--					
Netherlands	28.3	19.6	24.9	20.8	45.7
Germany	10.3	12.8	8.0	10.1	21.3
Japan	0.2	0.0	0.1	0.1	0.7
All other sources	0.3	7.1	0.1	0.1	0.1
Imports from nonsubject sources	39.1	39.5	33.1	31.1	67.9

Source: Compiled from official Commerce statistics.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually

[5] Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[6] Imports from China accounted for 34.6 percent of total imports of melamine by quantity from November 2013 to October 2014. Imports from Trinidad and Tobago accounted for 30.7 percent of total imports of melamine by quantity from November 2013 to October 2014.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated,[7] the Commission determines whether U.S. imports from the subject countries compete with each other and with the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Information concerning fungibility and channels of distribution are discussed in Part II of this report. Additional information concerning geographical markets and simultaneous presence in the market is presented below.

Geographical markets

Both Cornerstone and U.S. importers reported shipping melamine throughout the United States.[8] Table IV-4 presents data on imports of melamine by customs district during January 2012 through June 2015. Imports of melamine from China entered through 15 different ports from January 2012 through June 2015. Imports of melamine from Trinidad and Tobago entered through 8 different ports from January 2012 through September 2015.

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[6] Section 771 (24) of the Act (19 U.S.C § 1677(24)).

[7] Under the Tariff Act, subject imports from a country that is a beneficiary of the Caribbean Basin Economic Recovery Act ("CBERA") may only be cumulated with imports from another CBERA beneficiary country for purposes of determining material injury, or threat thereof. Trinidad and Tobago is a CBERA beneficiary country, and consequently the Commission may not cumulate subject imports from China for purposes of its determinations on subject imports from Trinidad and Tobago. The CBERA exception however, does not bar the Commission from cumulating subject imports from Trinidad and Tobago with subject imports from China for the purpose of determining material injury, or threat thereof, by reason of subject imports from China if the statutory threshold criterion for cumulation is satisfied. *USITC Publication 4514, Melamine from China and Trinidad and Tobago (Inv. Nos. 701-TA-526-527 and 731-TA-1262-1263 (Preliminary))*, January 2015.

[8] See Part II, Table II-2.

Table IV-4
Melamine: Imports by subject country and customs district, January 2012 through June 2015

District of entry	January 2012 to June 2015					
	China	Trinidad and Tobago	All other sources	China	Trinidad and Tobago	All other sources
	Quantity (1,000 pounds)			Share of quantity (percent)		
Baltimore, MD	0	0	35	0.0	0.0	0.0
Boston, MA	3,758	0	1,102	6.1	0.0	1.0
Buffalo, NY	133	0	0	0.2	0.0	0.0
Charleston, SC	15,536	9,921	42,860	25.4	10.2	39.3
Charlotte, NC	7,410	0	0	12.1	0.0	0.0
Chicago, IL	2,688	0	0	4.4	0.0	0.0
Cleveland, OH	652	0	1,634	1.1	0.0	1.5
Columbia-Snake, OR	6,437	9,259	0	10.5	9.5	0.0
Dallas-Fort Worth, TX	0	0	1	0.0	0.0	0.0
Detroit, MI	2,316	0	1,423	3.8	0.0	1.3
Houston-Galveston, TX	0	7,584	1,196	0.0	7.8	1.1
Los Angeles, CA	6,610	0	93	10.8	0.0	0.1
Miami, FL	0	2,072	0	0.0	2.1	0.0
Mobile, AL	0	0	200	0.0	0.0	0.2
New Orleans, LA	0	0	58	0.0	0.0	0.1
New York, NY	12,070	37,442	51,121	19.7	38.4	46.8
Norfolk, VA	2,557	0	9,245	4.2	0.0	8.5
Ogdensburg, NY	132	0	0	0.2	0.0	0.0
Philadelphia, PA	0	0	6	0.0	0.0	0.0
San Francisco, CA	2	0	0	0.0	0.0	0.0
Savannah, GA	311	1,720	143	0.5	1.8	0.1
Seattle, WA	505	3,219	0	0.8	3.3	0.0
Tampa, FL	0	26,411	0	0.0	27.1	0.0
Total U.S. imports	61,118	97,628	109,116	100.0	100.0	100.0

Source: Compiled from official Commerce statistics.

Presence in the market

Table IV-5 presents quarterly import statistics for melamine from subject sources during January 2012 through June 2015.

Table IV-5
Melamine: Quarterly U.S. imports, by source, January 2012 – June 2015

Period	January 2012 to June 2015		
	China	Trinidad and Tobago	All other sources
	Quantity (1,000 pounds)		
2012:			
Jan.-Mar.	2,221	7,496	5,522
Apr.-Jun.	984	8,113	7,247
Jul.-Sep.	861	14,021	9,090
Oct.-Dec.	1,805	8,157	6,141
2013:			
Jan.-Mar.	1,638	12,302	4,919
Apr.-Jun.	4,627	6,709	5,895
Jul.-Sep.	7,621	6,305	13,465
Oct.-Dec.	9,450	1,102	8,182
2014:			
Jan.-Mar.	4,634	8,730	7,575
Apr.-Jun.	8,148	10,935	7,042
Jul.-Sep.	7,740	5,423	6,664
Oct.-Dec.	8,174	1,411	5,967
2015:			
Jan.-Mar.	2,601	6,702	9,392
Apr.-Jun.	614	220	12,015

Source: Compiled from official Commerce statistics.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-6 and figure IV-2 present data on apparent U.S. consumption and market shares for melamine over the period examined. Apparent consumption based on quantity, decreased by *** percent from 2012 to 2014, and was *** percent lower in interim 2015 than in interim 2014. U.S. producer's share of U.S. consumption, based on quantity, decreased from 2012 to 2014 by *** percentage points, and was *** percentage points higher in interim 2015 compared with interim 2014. The market share of imports of melamine from the subject countries increased from 2012 to 2014 by *** percentage points; the market share of subject imports was *** percentage points higher in interim 2014 than in interim 2015. The market share of imports of melamine from China increased from 2012 to 2014 by *** percentage points; the market share of imports from China was *** percentage points higher in interim 2014 than in interim 2015. The market share of imports of melamine from Trinidad and Tobago decreased from 2012 to 2014 by *** percentage points; the market share of imports from Trinidad and Tobago was *** percentage points higher in interim 2014 than in interim 2015.

Table IV-6
Melamine: Apparent U.S. consumption and market shares, 2012-14, January-June 2014, and January-June 2015

Item	Calendar year			January to June	
	2012	2013	2014	2014	2015
	Quantity (1,000 pounds)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	5,871	23,335	28,696	12,782	3,216
Trinidad and Tobago	37,787	26,418	26,500	19,665	6,923
Subject sources	43,658	49,754	55,196	32,447	10,138
All other sources	27,999	32,461	27,248	14,617	21,407
Total U.S. imports	71,657	82,215	82,444	47,065	31,546
Apparent U.S. consumption	***	***	***	***	***
	Value (1,000 dollars)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	4,801	16,323	17,216	8,263	2,025
Trinidad and Tobago	22,929	17,740	17,772	13,586	4,469
Subject sources	27,730	34,063	34,988	21,849	6,494
All other sources	18,295	23,227	18,119	9,982	14,320
Total U.S. imports	46,025	57,290	53,107	31,831	20,814
Apparent U.S. consumption	***	***	***	***	***
	Share of quantity (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
Total U.S. imports	***	***	***	***	***
	Share of value (percent)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from.--					
China	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
Subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
Total U.S. imports	***	***	***	***	***

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

Figure IV-2
Melamine: Apparent U.S. consumption, 2012-14, January to June 2014, and January to June 2015

* * * * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-7 presents data on the ratio of U.S. imports to U.S. production. Imports from subject countries were equivalent to *** percent of U.S. production in 2014, an increase of *** percentage points since 2012. The ratio of subject imports to U.S. production was higher in interim 2014 by *** percentage points than in interim 2015.

Table IV-7
Melamine: Ratio of U.S. imports to U.S. production, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

U.S. producer Cornerstone reported that raw materials accounted for *** percent of the cost of goods sold in 2014, *** from *** percent in 2012. The raw materials used to produce melamine are ammonia, carbon dioxide. Cornerstone sources the primary raw materials, ammonia and carbon dioxide, from the merchant market, but fulfills a substantial amount of its energy requirements[1] from other production processes on its site.[2] Cornerstone's production facilities transfer energy, share utilities and services, and have raw material relationships with the other products produced by Cornerstone. For example, melamine consumes heat that is generated in the production of other chemicals.[3]

Seven of 9 responding importers *** reported that raw material costs have fluctuated. Importer *** stated that there was an increase in natural gas prices in 2014, leading to an increase in melamine prices, but raw materials and market demand have caused global prices to fluctuate since 2015. Importer *** *** reported that melamine prices are driven by supply and demand, not by raw material costs. One of the two importers reporting that raw material costs have declined reported that the increase in shale and natural gas production has reduced urea costs significantly, and thus has affected melamine input costs.[4]

Ammonia prices trend based on natural gas input costs, and ammonia prices trend, but generally do not vastly fluctuate from month to month.[5] Respondents argued that melamine prices do not necessarily track ammonia prices (figure V-1), but are instead determined by supply constraints and demand in the downstream markets.[6] Petitioner stated that in the short term, there tends to not be a relationship between ammonia and melamine prices unless there is a sharp increase in ammonia prices, and that the relationship appears in longer term trends.[7]

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[1] On average, about *** percent of Cornerstone's steam energy requirement for melamine production is generated from production of other products at its manufacturing complex. Cornerstone also uses natural gas *** in its production process. Petitioner's postconference brief, *Answers to Questions from Commission Staff,* p. 4.

[2] Conference transcript, p. 23 (Mikesell).

[3] Conference transcript, p. 18 (Zoglio).

[4] Melamine is produced by reacting ammonia and carbon dioxide under heat and pressure to produce urea which is then concentrated and heated to produce melamine. Conference transcript, p. 21 (Mikesell).

[5] Hearing transcript, p. 84 (Zoglio).

[6] Respondents' prehearing brief, pp. 3 and59.

[7] Hearing transcript, pp. 82-83 (Jones).

Figure V-1
Melamine: U.S. melamine prices and ammonia prices, by month, January 2012-June 2015

* * * * * * *

U.S. inland transportation costs

All responding importers *** reported that they typically arrange transportation to their customers. U.S. producer Cornerstone reported that its U.S. inland transportation costs were *** percent while importers reported costs ranging from 3 to 10 percent of the total delivered cost. The transport of melamine in relatively inexpensive in that it is a nonhazardous material, and is a relatively standard material to ship.[8]

Exchange Rates

Petitioner argued that the depreciation of the Euro by nearly 22 percent since early 2014 has provided an arbitrage window for nonsubject imports of melamine from Europe.[9] Respondents argued that there has been no such depreciation of the Trinidad dollar against the U.S. dollar, and that the Trinidad dollar has appreciated slightly since 2012 (see figure V-2). However, respondents also stated that MHTL purchases natural gas in U.S. dollars, de-linking exchange rates and price changes for Trinidadian melamine.[10]

Figure V-2
Exchange Rates: Euro and Trinidadian dollar exchange rates, January 2011=100, January 2012-October 2015

* * * * * * *

PRICING PRACTICES

Pricing methods

As presented in table V-1, U.S. producers and importers sell primarily on a transaction-by-transaction basis, though several also reported using contracts. Importer *** reported that it also uses price lists for smaller truck load quantities, and importer *** reported that its prices are negotiated with the customer and finalized on a quarterly basis.

[8] Hearing transcript, pp. 117-118 (Zoglio).
[9] Hearing transcript, pp. 130-131 (Jones).
[10] Respondents' posthearing brief, Exh. 21.

Table V-1
Melamine: U.S. producers and importers reported price setting methods, by number of responding firms[1]

Method	U.S. producers	U.S. importers
Transaction-by-transaction	***	6
Contract	***	3
Set price list	***	1
Other	***	2

[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.

*** importers sell the vast majority of their product under contracts of varying duration (table V-2). Importers of melamine from China sell a large majority of their product under short-term contracts, and importers of melamine from Trinidad and Tobago sell *** of their product under ***. Very little melamine is sold on the spot market. U.S. producer Cornerstone's sales were *** among the types of sales options.

Table V-2
Melamine: U.S. producers' and importers' shares of U.S. commercial shipments by type of sale, 2014

	Share of commercial U.S. shipments (percent)		
		U.S. importers	
Type of sale	U.S. producers	China	Trinidad and Tobago
Long-term contracts	***	***	***
Annual contract	***	***	***
Short-term contracts	***	***	***
Spot sales	***	***	***

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

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

U.S. producer Cornerstone and all responding importers reported that short-term contracts last about 90 days. Cornerstone ***. Importer *** reported that it has annual agreements with the customer under which price is negotiated on a quarterly basis, but these contracts do not have annual volume commitments. Petitioner and respondents reported that prices are generally negotiated on a quarterly basis. Respondents argued that purchasers' perception of the adequacy of supply in the market affect the price negotiations.[11]

Eight purchasers reported that they purchase melamine on a monthly basis, five reported that they purchase on a quarterly basis, four on a weekly basis, and *** U.S. purchaser *** reported purchasing melamine on a daily basis. One purchaser reported that it

[11] Hearing transcript, pp. 73, 121, (Zoglio), and 161 (Hansen).

purchases bi-monthly, another reported purchasing two or three times annually, and purchaser *** reported purchasing infrequently.

Sixteen of 21 responding purchasers reported that their purchasing patterns had not changed since 2012. Of the remaining purchasers, three reported purchasing melamine with less frequency. In contrast, purchaser *** reported an increase in purchasing frequency because of an increase in its production, and purchaser *** reported a slight increase in frequency due to an increase in demand for its products. Most (14 of 21) purchasers contact 1 to 3 suppliers before making a purchase, and six of those purchasers contact only one supplier. The reasons they reported for doing so included: they only have one supplier because of low demand, they have a trusted supplier with no supply issues or price concerns, and product from only one source is technically qualified.[12] *** U.S. purchaser *** reported that while it strives to have multiple sources, ***. Respondents argued that purchasers, specifically INEOS, do not necessarily buy melamine from the lowest cost producer, because it also considers its confidence in its suppliers' ability to deliver, quality of the melamine, and the relationship it developed with its suppliers over time.[13] Petitioner stated that Cornerstone and subject foreign producers compete for sales to relatively few customers who negotiate simultaneously with multiple suppliers.[14]

Sales terms and discounts

Most importers *** typically quote prices on a delivered basis. Cornerstone *** discounts. Six of 10 importers offer no discounts, two reported quantity discounts (***), and two reported total volume discounts (***). Importer *** reported that in some cases it has granted price discounts for significantly off-spec melamine[15] and importer *** reported that it offers discounts for early payment. Cornerstone reported that its sales terms are on *** basis, and *** responding importers reported sales terms of net 30 days. Importer *** reported that it also has sales terms of net 45 days upon receipt ***.

Price leadership

A majority of responding purchasers (12 of 14) identified Cornerstone as a price leader, stating that Cornerstone is the first to announce price increases, that ICIS[16] usually uses Cornerstone's declared increase to establish quarterly pricing, and that other producers follow Cornerstone's price movements. Other firms identified as price leaders were importers Gromax and U.S. Chemicals.

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[12] Purchaser *** reported purchasing only Chinese melamine from ***.
[13] Hearing transcript, pp. 220-221 (Hansen).
[14] Hearing transcript, p. 32 (Driscoll).
[15] In Q1-Q3 2012, Southern Chemical ***. Respondents posthearing brief, Exh. 15.
[16] ICIS is a petrochemical market intelligence organization that provides pricing indices.

Cornerstone announced price increases in September 2013 and September 2014, but these increases were not successful.[17]

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 melamine products shipped to unrelated U.S. customers during January 2012-June 2015:

Product 1.--Unground melamine crystal unpackaged in bulk.

Product 2.--Unground melamine crystal in bags of 1,000 to 3,000 pounds.

Product 3.--Unground melamine crystal in bags of 50 to 60 pounds.

Cornerstone and 10 importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[18] Pricing data reported by these firms accounted for *** percent of the U.S. producer's shipments of melamine, 44.4 percent of imports of melamine from China, and *** percent of imports of melamine from Trinidad and Tobago.[19] [20]

Price data for products 1-3 are presented in tables V-3 to V-5 and figures V-3 to V-5. Nonsubject country prices are presented in Appendix D.

[17] Petitioner's prehearing brief, pp. 28, and 48.

[18] Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision and variation of these figures may be affected by rounding, limited quantities, and producer or importer estimates.

[19] Pricing data accounted for *** percent of reported U.S. commercial shipments of melamine from China, and *** percent of reported U.S. commercial shipments of melamine from Trinidad and Tobago.

[20] Some anomalous data have been excluded from the pricing analysis that follows. U.S. importer *** reported that its imports of product 2 from China ***. Email from ***, October 1, 2015.) ***.

Importer *** reported small quantities of Product 3 at high prices at *** for Q3 2013 and Q1-Q3 2014. It was the only importer to report sales of Product 3 for those quarters, but *** Staff correspondence with ***, October 26, 2015.

Table V-3
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2012-June 2015

Period	United States		China			Trinidad and Tobago		
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)	Margin (percent)	Price (dollars per pound)	Quantity (pounds)	Margin (percent)
2012:								
Jan.-Mar.	***	***	--	0	--	***	***	***
Apr.-Jun.	***	***	--	0	--	***	***	***
Jul.-Sep.	***	***	--	0	--	--	0	--
Oct.-Dec.	***	***	--	0	--	***	***	***
2013:								
Jan.-Mar.	***	***	--	0	--	--	0	--
Apr.-Jun.	***	***	--	0	--	--	0	--
Jul.-Sep.	***	***	--	0	--	--	0	--
Oct.-Dec.	***	***	***	***	***	--	0	--
2014:								
Jan.-Mar.	***	***	***	***	***	--	0	--
Apr.-Jun.	***	***	***	***	***	--	0	--
Jul.-Sep.	***	***	--	0	--	--	0	--
Oct.-Dec.	***	***	***	***	***	--	0	--
2015:								
Jan.-Mar.	***	***	--	0	--	--	0	--
Apr.-Jun.	***	***	--	0	--	--	0	--

[1] Product 1: Unground melamine crystal unpackaged in bulk.

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

Table V-4
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2012-June 2015

Period	United States		China			Trinidad and Tobago		
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)	Margin (percent)	Price (dollars per pound)	Quantity (pounds)	Margin (percent)
2012:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2013:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	0.74	2,236,368	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2014:								
Jan.-Mar.	***	***	0.72	2,550,182	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2015:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***

[1] Product 2: Unground melamine crystal in bags of 1,000 to 3,000 pounds.

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

Table V-5
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2012-June 2015

Period	United States		China			Trinidad and Tobago		
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)	Margin (percent)	Price (dollars per pound)	Quantity (pounds)	Margin (percent)
2012:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***	***	***
2013:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***	***	***
Jul.-Sep.	***	***	--	0	--	***	***	***
Oct.-Dec.	***	***	--	0	--	***	***	***
2014:								
Jan.-Mar.	***	***	--	0	--	***	***	***
Apr.-Jun.	***	***	--	0	--	***	***	***
Jul.-Sep.	***	***	--	0	--	***	***	***
Oct.-Dec.	***	***	--	0	--	***	***	***
2015:								
Jan.-Mar.	***	***	***	***	***	***	***	***
Apr.-Jun.	***	***	--	0	--	***	***	***

[1] Product 3: Unground melamine crystal in bags of 50 to 60 pounds.

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

Figure V-3
Melamine: Weighted-average prices and quantities of domestic and imported Product 1,[1] by quarters, January 2012-June 2015

* * * * * * *

Figure V-4
Melamine: Weighted-average prices and quantities of domestic and imported Product 2,[1] by quarters, January 2012-June 2015

* * * * * * *

Figure V-5
Melamine: Weighted-average prices and quantities of domestic and imported Product 3, by quarters, January 2012-June 2015

* * * * * * *

Price trends

Prices for melamine from all sources fluctuated from January 2012-June 2015. Overall, prices for domestically produced melamine *** during January 2012-June 2015, and prices for Chinese melamine decreased. Table V-6 summarizes the price trends, by country and by product. As shown in the table, domestic price *** ranged from *** to *** percent during 2012-2015 while import price decreases ranged from 1.6 percent to 41.3 percent. To varying degrees prices for all three pricing products showed high prices for the second half of 2013 through the first half of 2014. Prices dropped in Q3 2014, but have since rebounded.

Table V-6
Melamine: Summary of weighted-average f.o.b. prices for products 1-3 from the United States, China, and Trinidad and Tobago

Item	Number of quarters	Low price (per short ton)	High price (per short ton)	Change in price (percent)
Product 1:				
United States	***	***	***	***
China	***	***	***	---
Trinidad and Tobago	***	***	***	---
Product 2:				
United States	***	***	***	***
China	14	0.63	0.92	(1.6)
Trinidad and Tobago	***	***	***	***
Product 3:				
United States	***	***	***	***
China	***	***	***	***
Trinidad and Tobago	***	***	***	***

[1] Percentage change from the first quarter in 2012 in which data were available to the last quarter in 2015 in which price data were available.

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

Respondents allege that the increase in prices in 2013 was caused by a perceived shortage of melamine that resulted from Cornerstone's announcement of force majeure and the Trinidadian producer's production difficulties. In 2014, prices fell again due to an increase in nonsubject imports, and also due to lower priced Chinese melamine.[21] Petitioner alleges that sales of melamine in super sacks (Product 2) directly impact the prices of Cornerstone's sales of melamine sold in bulk (Product 1) and in smaller bags, and that prices are not differentiated based on modes of delivery and packaging.[22]

Price comparisons

As shown in table V-7, prices for melamine imported from China and Trinidad and Tobago were below those for U.S.-produced product in *** of *** instances (over *** million pounds); margins of underselling ranged from *** to *** percent. In the remaining *** instances (over *** million pounds), prices for melamine from China and Trinidad and Tobago were between *** and *** percent above prices for the domestic product.

[21] Respondents' prehearing brief, pp. 3, and 57; Respondents' posthearing brief, p. 5.
[22] Hearing transcript, p. 39 (Driscoll).

Table V-7
Melamine: Instances of underselling/overselling and the range and average of margins, by country, January 2012-June2015

Source	Underselling				
	Number of quarters	Quantity (pounds)	Average margin (percent)	Margin Range (percent)	
				Min	Max
China	18	22,143,428	8.8	1.4	28.1
Trinidad and Tobago	***	***	***	***	***
Total	***	***	***	***	***
Source	**(Overselling)**				
	Number of quarters	Quantity (pounds)	Average margin (percent)	Margin Range (percent)	
				Min	Max
China	7	4,967,253	(14.0)	(1.1)	(32.4)
Trinidad and Tobago	***	***	***	***	***
Total	***	***	***	***	***

[1] These data include only quarters in which there is a comparison between the U.S. and subject product.

Note.-- Staff has followed up on *** which results in a *** maximum margin.

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

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of melamine to report any instances of lost sales or revenue they experienced due to competition from imports of melamine from China and Trinidad and Tobago during January 2012-June 2015. Cornerstone reported that it ***, and that it ***. The *** lost sales allegations totaled $*** million and involved *** million pounds of melamine and the *** lost revenue allegations totaled almost $*** million and involved *** million pounds of melamine. Staff contacted *** purchasers and a summary of the information obtained follows (tables V-8 and V-9). [23]

Cornerstone argued that sales made at initial offer prices resulted in lost revenues because the initial offer prices were often lower than Cornerstone's ***.[24] Respondents argued that most of the lost sales and lost revenues do not identify Trinidad and Tobago specifically, and that there is a possibility that injury from nonsubject countries may be implicitly included.[25]

[23] *** purchasers provided additional comments in their specific allegations: *** reported "***." *** reported "***." *** reported "***."

[24] Petitioner's prehearing brief, pp. 32-33; Hearing transcript, p. 45 (Jones).

[25] Respondents' prehearing brief, p. 4.

Table V-8
Melamine: U.S. producers' lost sales allegations

* * * * * * *

Table V-9
Melamine: U.S. producers' lost revenue allegations

* * * * * * *

Purchasers responding to the lost sales allegations were asked whether they shifted their purchases of melamine from U.S. producers to suppliers of melamine from China or Trinidad and Tobago since 2012. In addition, they were asked whether U.S. producers reduced their prices in order to compete with suppliers of melamine from China or Trinidad and Tobago. Two of the seven responding purchasers reported that they had shifted purchases of melamine from U.S. producers to subject imports since 2012 and both reported that price was the reason for the shift. Three of seven responding purchasers reported that the U.S. producers had reduced their prices in order to compete with the prices of subject imports since 2012 (table V-10).

Table V-10
Melamine: Purchasers' responses regarding shifting supply and price reductions since January 2012

* * * * * * *

***. For this reason, purchasers were asked whether they had switched to subject product since January 2012, and if price was the primary reason for the shift.[26] Five of 21 purchasers responding to the purchaser questionnaire indicated that they had switched to Chinese product since 2012, and two of those purchasers (***) reported that they had switched due to price.[27] Purchaser *** reported that it switched to Chinese product not because of price, but to meet demand. Two of 18 purchasers indicated that they had switched from domestically

[26] Compiled responses of the purchasers named in the allegations follow:

***.
***.
***.
***.
***.
***.
***.
***.

[27] Purchasers *** and *** reported that they had shifted about 56 and 70 percent, respectively, of their melamine purchases to China since 2012.

produced melamine to Trinidadian melamine since 2012. U.S. purchaser *** indicated that it had shifted about 30 percent of its total purchases to Trinidad and Tobago because of price. The other U.S. purchaser *** reported that it had shifted *** percent of its total purchases to Trinidad and Tobago because it preferred the quality.

Purchasers were also asked if U.S. producers reduced their prices of melamine in order to compete with product imported from China and Trinidad and Tobago. Two of 17 responding purchasers indicated that the domestic producer had lowered its prices to compete with China, and the same two purchasers (of 13 responding purchasers) reported that the domestic producer had lowered its prices to compete with imports from Trinidad and Tobago. U.S. purchaser *** estimated that the domestic producer had reduced its prices by 25 percent in 2014 to compete with both Chinese and Trinidadian imports, and U.S. purchaser *** estimated that the domestic producer had reduced its prices by *** percent from 2012-2014 to compete with Chinese imports and *** percent to compete with Trinidadian imports.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

The only U.S. producer, Cornerstone, which accounted for all U.S. production of melamine, supplied financial data on its melamine operations.[1] Cornerstone did not report any internal consumption, but reported transfer sales of melamine to related firms (*** in terms of net sales value in 2014).[2]

OPERATIONS ON MELAMINE

Table VI-1 presents income-and-loss data for the U.S. producer. The domestic melamine industry's net sales quantities and values fluctuated over the period while its operating loss declined from 2012 to 2013, but further increased from 2013 to 2014, with a higher operating loss in 2014 compared to 2013 and 2012. However, between January-June ("interim") 2014 and January-June 2015, net sales quantities and values increased and the operating loss declined. While Cornerstone reported *** in all periods, the level increased from an *** which resulted from primarily the increase in unit total cost[3] (*** per pound) despite the increase in unit sales price (by *** per pound). From interim 2014 to interim 2015, both net sales quantities and net sales values increased and an operating loss declined in interim 2015. During January-June 2015, even though the domestic industry's net sales quantities were *** than in January-June 2014, net sales values were *** in interim 2015. The domestic industry's *** in interim 2014, decreased to *** in interim 2015, reflecting primarily a *** per-unit total cost (from *** per pound to *** per pound), despite a *** per-unit sales price. As a result, the domestic industry's operating margin, which was *** percent in interim 2014, declined to *** percent in interim 2015.

Table VI-1
Melamine: Results of operations of the U.S. producer, fiscal years 2012-14, January-June 2014, and January-June 2015

* * * * * * *

In summary, Cornerstone reported *** between 2012 and 2014 and *** between January-June 2014 and January-June 2015. The firm reported *** between 2012 and 2014 (Cornerstone actually reported a *** in 2013 compared to 2012) and reported *** between the two interim periods.

---

[1] Cornerstone has its fiscal year ending December 31. Cornerstone and ***, email from ***, September 16, 2015, are privately held and do not make their financial information available to the public. Cornerstone manufactures acrylonitrile, melamine, sulfuric acid, and urea at its Fortier Facility in Waggaman, Louisiana.

[2] The company records underlying ***.

[3] Total cost is cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses combined.

Selected per-pound cost data of the producer on its operations, i.e., COGS and SG&A expenses, are presented in table VI-2. Overall per-pound COGS and total cost increased from 2012 to 2013 and then, further increased from 2013 to 2014, driven mainly by changes in *** and SG&A expenses.[4] Per-pound total costs were *** in interim 2015 compared to interim 2014, due to the ***. The ratio of total COGS to net sales increased between 2012 and 2014 (from *** percent in 2012 to *** percent in 2014) and decreased between the two interim periods (from *** percent in interim 2014 to *** percent in interim 2015).[5]

Per-unit factory overhead increased *** between 2012 and 2014 (*** per pound in 2012 to *** per pound in 2013, and to *** per pound in 2014). The increase of per-unit COGS was mainly attributable to the increase of per-unit factory overhead. Cornerstone explained in its supplemental responses that ***.[6] Total SG&A expenses and per-unit SG&A expenses also increased between 2012 and 2014 and between the two interim periods because of ***.[7]

Table VI-2
Melamine: Average unit costs of the U.S. producer, fiscal years 2012-14, January-June 2014, and January-June 2015

* * * * * * *

A variance analysis showing the effects of prices and volume on the producer's sales of melamine, and of costs and volume on their total costs is presented in table VI-3.[8] The information for this variance analysis is derived from table VI-1. The analysis indicates that the decrease in operating income between 2012 and 2014 (by ***) was the result of primarily the negative effect of increased per-unit costs and expenses. The summary at the bottom of the table illustrates the negative effect of increased costs and expenses (***), despite higher per-unit sales value and decreased sales volume (it had ***) between 2012 and 2014. Comparing the two interim periods, the variance analysis indicates that *** by (***) which resulted from

[4] Email from ***, September 15, 2015.

[5] Cornerstone states that melamine production is highly capital intensive and any reduction of production below full capacity has a direct and significant effect on per-unit fixed costs and profitability. Conference transcript, p. 24 and 25 (Mikesell) and p. 39 (Jones), hearing transcript, p. 42-43 (Jones), and petitioner's posthearing brief, p. 9-10 and Exhibit A (Affidavit of Eifion Jones).

[6] Emails from ***, September 15, 16, 17, and 21, 2015.

[7] Email from ***, September 15, 2015.

[8] The Commission's variance analysis is calculated in three parts: Sales variance, cost of sales variance (COGS variance), and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense variance (in the case of the COGS and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the net volume variance is the sum of the price, COGS, SG&A volume variance. All things equal, a stable overall product mix generally enhances the utility of the Commission's variance analysis.

the positive effect of lower cost/expenses (***), despite decreased per-unit sales price (***) and increased sales volume (***).

Table VI-3
Melamine: Variance analysis of operations of the U.S. producer, fiscal years 2012-14, January-June 2014, and January-June 2015

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents data on capital expenditures and research and development ("R&D") expenses. Cornerstone reported both capital expenditures and R&D expenses in all periods. Capital expenditures increased between 2012 and 2014 and decreased *** from January-June 2014 to January-June 2015. Cornerstone completed ***. The majority of capital expenditures spent by Cornerstone were for ***.[9] Cornerstone reported *** R&D expenses over the period.

Table VI-4
Melamine: Capital expenditures and R&D expenses by the U.S. producer, fiscal years 2012-14, January-June 2014, and January-June 2015

* * * * * * *

***.[10]

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on the U.S. producer's total net assets and its return on assets. Total net assets *** between 2012 and 2014, because *** each year.[11] At the same time, the return on assets decreased between 2012 and 2014 due to *** during the same period (operating loss and operating loss ratio in 2014 were *** compared to 2012). The trend of return on assets during 2012-14 was the same as the trend of the operating income (loss) margin shown in table VI-1.

Table VI-5
Melamine: Value of assets and return on assets of the U.S. producer, fiscal years 2012-14

* * * * * * *

[9] E-mail responses from ***, September 15, 2015 and from ***, December 1, 2014.
[10] ***.
[11] E-mail response from ***, December 1, 2014.

CAPITAL AND INVESTMENT

The Commission requested the U.S. producer to describe any actual negative effects on its return on investment, or its growth, investment, ability to raise capital, existing development and production efforts, or the scale of capital investments as a result of imports of melamine from China and/or Trinidad and Tobago. Its comments are as follows:

Actual Negative Effects

Cornerstone.– ***

Anticipated Negative Effects

Cornerstone.– ***

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that—

> *In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the subject merchandise, the Commission shall consider, among other relevant economic factors*[1]*--*
>
> *(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement), and whether imports of the subject merchandise are likely to increase,*
>
> *(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,*
>
> *(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,*
>
> *(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports,*
>
> *(V) inventories of the subject merchandise,*

---

[1] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "The Commission shall consider {these factors} . . . as a whole in making a determination of whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted under this title. The presence or absence of any factor which the Commission is required to consider . . . shall not necessarily give decisive guidance with respect to the determination. Such a determination may not be made on the basis of mere conjecture or supposition."

(VI) 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,

(VII) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both),

(VIII) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).[2]

Information on the nature of the alleged subsidies was presented earlier in this report; information on the volume and pricing of imports of the subject merchandise is presented in *Parts IV* and *V*; and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in *Part VI*. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets follows. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries.

THE INDUSTRY IN CHINA

China is the world's largest producer and consumer of melamine. Its annual capacity was *** in 2013.[3] Table VII-1 presents the major Chinese producers of melamine and their

[2] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other WTO member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

[3] ***, p.90.

production capacities in 2013. In addition, China has additional melamine capacity under construction or planned in the near future at *** plants totaling ***.[4]

China is also the world's largest exporter of melamine. In 2013, China exported *** to the United States and *** worldwide.[5]

Table VII-1
Melamine: Major Chinese producers and production capacities, 2013

* * * * * * *

The Commission issued foreign producers' and/or exporters' questionnaires to 52 firms believed to produce and/or export melamine from China.[6] No useable responses to the Commission's questionnaire were received.[7] Table VII-2 presents Global Trade Atlas data for exports of melamine from China by destination market.

Table VII-2
Melamine: Exports from China by destination market, 2012-2014

Destination	Calendar year		
	2012	2013	2014
	Quantity (*1,000 pounds*)		
China's exports to the United States	5,280	23,941	28,139
China's exports to other top destination markets.--			
Malaysia	54,947	78,782	87,050
India	35,016	50,443	61,549
Korea South	29,030	47,634	54,930
Thailand	36,737	42,200	52,949
Turkey	7,034	25,468	38,949
Indonesia	26,836	34,223	33,270
Australia	2,549	7,953	21,579
Taiwan	12,734	23,824	21,077
Brazil	8,113	14,482	11,995
All other destination markets	54,442	103,381	107,893
Total China exports	272,718	452,329	519,381

Source: Official export statistics as reported by China Customs in the GTIS/GTA database for HTS subheading 2933.61, accessed August 11, 2015.

[4] ***, p.91.

[5] ***, p.96.

[6] These firms were identified through a review of information submitted in the petition and contained in proprietary Customs records.

[7] The Commission received a foreign producer questionnaire from OCI Nitrogen BV in The Netherlands. OCI Nitrogen BV is ***.

THE INDUSTRY IN TRINIDAD AND TOBAGO

MHTL is the sole producer of melamine in Trinidad and Tobago. The company was incorporated in 1999 and is one of the largest methanol producers in the world. In 2010, following the construction of a downstream Ammonia-Urea Ammonium Nitrate-Melamine (AUM1) complex, it started producing melamine and currently sells to North America and Europe. The plant produces 60,000 metric tonnes (132.3 million pounds) of melamine annually.[8]

The Commission received a questionnaire response from MHTL. This firm accounted for all production of melamine in Trinidad and Tobago and for all exports of melamine to the United States from Trinidad and Tobago during the period of investigation.

MHTL's capacity is based on ***. The primary constraint on production at MHTL is ***.

MHTL does not produce other products on the same machinery as used in the production of melamine. Its melamine production facility has dedicated units that cannot, as a practical matter, be brought into service for other chemical production. Similarly, the other MHTL units producing ammonia, nitric acid, urea and other chemicals cannot be converted to melamine production.[9]

Trinidad and Tobago suffered from gas curtailment issues that reduced gas supply to the MHTL's facility. As a result, it experienced production outages during October and November 2013.[10] MHTL further explained that production disruptions were due to "***".[11] ***.[12]

MHTL has put a planned expansion on hold due, in part, to a shortage in natural gas that is expected to continue into 2017.[13] MHTL ***.[14]

According to MHTL, *** factors have substantially affected its melamine operations during the period for which data were gathered; ***.[15]

MHTL reported that it has experienced ***.[16]

According to MHTL, ***.[17]

MHTL opined that the ***.[18]

According to MHTL, ***.[19]

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[8] Methanol Holdings (Trinidad) Limited (MHTL), www.ttmethanol.com, accessed November 20, 2014.

[9] Respondents' postconference brief, p. 26.

[10] Conference transcript, p. 9 (Dorn) and p. 107 (Spencer).

[11] Respondents' postconference brief, p. 24; MHTL foreign producer questionnaire response, section II-2.

[12] MHTL foreign producer questionnaire response, sections II-2 and II-3.

[13] Respondents' postconference brief, p. 5.

[14] Respondents' postconference brief, p. 25.

[15] MHTL foreign producer questionnaire response, section II-2.

[16] Ibid.

[17] Ibid.

[18] Ibid.

[19] Ibid.

In addition, MHTL reported that ***.[20]
MHTL opined that prior ***.[21]
According to MHTL, ***.[22]
MHTL reported that, ***.[23]
In addition to ***.[24]

Table VII-3a presents information on MHTL's melamine operations. MHTL reported that its 2015 production capacity projection ***.[25] For 2016 projections, MHTL reported that it ***.[26]

Table VII-3a
Melamine: Data for MHTL, 2012-14, January-June 2014, January-June 2015, and projected 2015-16

* * * * * * *

MHTL is owned by Helm AG ("Helm"), a German company. Under an agreement ***.[27]
With respect to MHTL's exports ***.[28]
With respect to MHTL's exports ***.[29]

Table VII-3b presents information on MHTL's production of products other than melamine. Production trade-offs in the AUM facility do not cover potential product switching between Methanol Holdings' methanol plants and its AUM plant because, due to contractual arrangements with the National Gas Company ("NGC"), gas intended for the methanol plants cannot be used in AUM production.

Table VII-3b
Melamine: Data for MHTL production of products other than melamine, 2012-14, January-June 2014, January-June 2015, and projected 2015-16

* * * * * * *

MHTL's main products produced for sale are methanol, urea ammonium nitrate ("UAN") and melamine; however, MHTL also sells a small quantity of ammonia when it is not required

[20] Ibid.
[21] Ibid.
[22] Ibid.
[23] Ibid.
[24] Ibid.
[25] MHTL foreign producer questionnaire response, section II-10.
[26] Ibid.
[27] Methanol Holdings' foreign producer questionnaire response, section II-11.
[28] Ibid.
[29] Ibid.

for further production. MHTL also produces urea, nitric acid, and ammonium nitrate as intermediary products in its overall production processes, but they are never sold.[30]

With a full supply of gas, MHTL reported that it would not normally be required to make product-shifting decisions, as both the UAN and melamine plants would operate at or near production capacity. However, in a gas curtailment situation, such as MHTL has experienced since at least 2013, MHTL does need to make short term decision concerning allocation of its inadequate natural gas supply. A number of factors are considered in natural gas allocation, including contractual commitments, the relative return per metric ton on its products, certain operational constraints, and the overall economic performance of the AUM facility.[31]

According to MHTL, it sells UAN under multi-year contracts with fixed supply quantities, as is the norm in fertilizer markets. Melamine is sold to end users on a quarterly basis. In theory, MHTL could theoretically reduce its UAN production relative to melamine production over time, the UAN contractual commitments would prevent favoring melamine production over UAN production if the result would be to prevent MHTL from satisfying its UAN contractual commitments.[32]

With regard to the overall economic performance of the plant, MHTL looks at its AUM facility in total. In the current gas curtailment situation, if MHTL were to reduce production at the UAN plant below optimum levels, any increased revenue and/or profit made on the melamine plant would be offset by the increased losses from the UAN plant. Moreover, if MHTL shut its melamine plant(s) altogether, its urea production would also need to be reduced since the UAN plant cannot consume all of the urea produced. This would decrease the efficiency of the urea plant, therefore increasing its production costs to the detriment of the entire UAN facility.[33]

In response to very short-term considerations, on a day-to-day basis, MHTL might, in some cases, increase melamine production at the expense of UAN production. However, overall MHTL has no incentive, and many disincentives, to favor melamine production over UAN production. To do so would undermine the overall economic efficiency and profitability of the AUM facility.[34]

While MHTL would not incur any out-of-pocket costs for switching from one product to another, because MHTL's plant is fully integrated, changing the allocation of the natural gas supply from one plant to another will necessarily change the economics of each of these lines within the AUM facility. For example, if Methanol Holdings were to increase production at the melamine plant and reduce production at the UAN plant the "cost" of so doing would be lower conversion efficiencies at the UAN plant, yielding a higher production cost for UAN.[35]

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[30] MHTL posthearing brief, attachment 22, p. 5.
[31] Ibid., pp. 2-3.
[32] Ibid., p. 3.
[33] Ibid., p. 4.
[34] Ibid..
[35] Ibid., pp. 4-5.

A full supply of gas would allow MHTL to run both the melamine and the UAN plant at full operating capacity. Any meaningful "switch" would be for MHTL to shut down its melamine plant(s), but that would not result in greater UAN production (or vice versa). Shutting down the melamine plant(s) would result in a slightly higher amount of ammonia for sale, but because a melamine plant both consumes and produces ammonia, the net amount of ammonia available for sale in the market would be relatively small.[36]

NATURAL GAS PRODUCTION IN TRINIDAD AND TOBAGO

Trinidad and Tobago is the largest natural gas producer in the Caribbean. In 2013, natural gas produced in Trinidad and Tobago was used in the production of liquefied natural gas (LNG) (57 percent), methanol (14 percent), ammonia (14 percent), electricity (8 percent), iron and steel (3 percent), and other uses (4 percent).[37]

In recent years, Trinidad and Tobago has faced declining natural gas reserves. Proven reserves are currently at 13 trillion cubic feet (Tcf), down from a peak of 26 Tcf in 2006.[38] Along with the drop in proven reserves, natural gas production fell in 2013 and 2014 when BP, the largest producer of natural gas in Trinidad and Tobago, took many of its wells offline for safety and maintenance work after the Deepwater Horizon incident.[39] Because of the lower production of natural gas, the NCG, a state-owned energy utility, restricted natural gas to methanol and ammonia producers beginning in 2013.[40] These curtailments can involve reductions as high as 30 percent in the amount of natural gas supplied and occur with little or no warning.[41] ***[42] The curtailments of natural gas are expected to continue until 2018.[43] BP is currently developing projects in the Juniper fields on the maritime border of Trinidad and

[36] Ibid., p. 2.

[37] Government of the Republic of Trinidad and Tobago, Ministry of Energy and Energy Industries, "LNG & Petrochemicals," http://www.energy.gov.tt/our-business/lng-petrochemicals/ (accessed November 12, 2015).

[38] Fisher, Joe, "LNG Breadbasket Trinidad & Tobago Facing Production Challenges," Natural Gas Intelligence, June 26, 2015, http://www.naturalgasintel.com/articles/102796-lng-breadbasket-trinidad-tobago-facing-production-challenges (accessed November 12, 2015).

[39] Jacobs, Justin, "Shale forces rethink in Trinidad and Tobago," Petroleum Economist, February 2013, Vol. 80 Issue 1, p. 28.

[40] Kelley, Lane, "Trinidad plans further natural gas cuts for April," ICIS Chemical Business, March 18, 2013, Vol. 283 Issue 10, p. 12; and MHTL's posthearing brief, pp. 1-2.

[41] MHTL's posthearing brief, p. 2.

[42] MHTL's posthearing brief, p. 2.

[43] Argus Media, "Trinidad gas shortage to last until 2018: NGC," October 30, 2015, http://www.argusmedia.com/News/Article?id=1128616 (accessed November 12, 2015); and MHTL's posthearing brief, Exhibit 10, pp. 9-10.

Venezuela that are expected to come on stream in mid-2017 and are expected to relieve the supply shortages.[44]

Trinidad and Tobago's LNG sector is facing lower demand for LNG in the United States due to the increase in shale gas production in the United States.[45] In the past, Trinidad and Tobago has exported 90 percent or more of its LNG to the United States. Lower demand for imported LNG in the United States will force Trinidad and Tobago to find other markets for LNG in Asia, South America, and the Caribbean. Trinidad and Tobago might also try to boost domestic production in the industries that use natural gas if LNG exports decline.[46]

U.S. INVENTORIES OF IMPORTED MERCHANDISE

Table VII-4 presents data on U.S. importers' reported inventories of melamine.

Table VII-4
Melamine: U.S. importers' inventories, 2012-14, January-June 2014, and January-June 2015

* * * * * * *

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers indicate whether they imported or arranged for the importation of melamine from China, Trinidad and Tobago, and other sources after June 30, 2015. Two responding importers reported that they arranged such shipments. Table VII-5 presents data reported by U.S. importers concerning their arranged imports of melamine.

Table VII-5
Melamine: Arranged imports, July 2015 – June 2016

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

In May 2011, the European Commission (EC) imposed definitive antidumping measures against imports of melamine from China. The EC imposed a minimum import price of EUR 1,153

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[44] Argus Media, "Trinidad gas shortage to last until 2018: NGC," October 30, 2015, http://www.argusmedia.com/News/Article?id=1128616 (accessed November 12, 2015); MHTL's posthearing brief, pp. 1-2; and hearing transcript, p. 143 (Chandool).

[45] Jacobs, Justin, "Shale forces rethink in Trinidad and Tobago," Petroleum Economist, February 2013, Vol. 80 Issue 1, p. 28.

[46] Jacobs, Justin, "Shale forces rethink in Trinidad and Tobago," Petroleum Economist, February 2013, Vol. 80 Issue 1, p. 28.

per metric ton for the following named producers: Sichuan Jade Elephant Melamine S&T Co. Ltd., Shandong Liaherd Chemical Industry Co. Ltd.,[47] and Henan Junhua Development Company Ltd. All other producers are subject to a duty rate of EUR 415 per metric ton.[48]

In a November 2009 sunset review, India continued its antidumping order against imports of melamine from China and imposed a new definitive antidumping duty on all Chinese imports. Chinese imports must enter India above a reference price of $1,681.49 per metric ton.[49]

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[50]

Table VII-6 presents world capacity and production of melamine in 2013. Table VII-7 presents world exports of melamine. While China is the predominant world supplier of melamine, Europe is the second largest supplier.[51] Additional information concerning the price of nonsubject imports is included in Appendix D.

Table VII-6
Melamine: World capacity and production, by region, 2013

* * * * * * *

[47] In August 2014, Shandong Liaherd Chemical Industry Co. Ltd. notified the EC that its name changed to Holitech Technology Co., Ltd. Official Journal of the European Union, "Notice concerning the anti-dumping measures in force in respect of imports into the Union of melamine originating in the People's Republic of China: change of the name of one company subject to the minimum import price (2014/C 414/05)," November 20, 2014.

[48] Official Journal of the European Union, "COUNCIL IMPLEMENTING REGULATION (EU) No 457/2011 of 10 May 2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of melamine originating in the People's Republic of China," May 13, 2011, Petition at Exhibit I-24.

[49] Gazette of lndia Extraordinary, "Sunset review of Anti-Dumping duties imposed on imports of Melamine originating in or exported from China PR," November 20, 2009, Petition at Exhibit I-25.

[50] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

[51] ***.

Germany

Borealis Agrolinz Melamine produces melamine in Lutherstadt-Wittenberg at a facility with an annual capacity of ***.[52] Germany was the third largest exporter of melamine, after China and the Netherlands, in 2014 (see Table VII-7).

Table VII-7
Melamine: Global exports by source, 2012-14

Source	Calendar year		
	2012	2013	2014
	Quantity (1,000 pounds)		
United States	79,022	66,095	79,882
Exports by subject countries.--			
China	272,718	452,329	519,381
Trinidad and Tobago[1]	121,151	46,599	44,571
Subtotal, subject countries	393,868	498,928	563,952
Nonsubject exporting countries.--			
Netherlands	329,852	255,589	273,433
Germany	193,554	198,907	164,079
Poland	125,839	126,818	120,557
Japan	49,059	49,575	50,960
Russia	223	29,792	39,903
Belgium	18,709	33,221	37,421
Romania	19,616	26,231	23,578
United Kingdom	1,461	1,568	3,015
Slovenia	35	558	1,571
All other reporting countries	14,159	10,791	5,971
Subtotal, nonsubject countries	752,506	733,049	720,487
Total reported exports	1,225,396	1,298,073	1,364,321

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

[1] Trinidad and Tobago data are based on imports reported by all other countries.

Source: Official export statistics under HTS subheading 2933.61 as reported by each country's statistical authority in the GTIS/GTA database. Accessed August 11, 2015.

The Netherlands

OCI Melamine operates two melamine facilities in Geleen.[53] The larger facility uses a low-pressure, catalytic process and has a capacity of *** metric tons per year. The smaller facility uses a shortened, liquid phase process and has a capacity of *** metrics tons per year

[52] ***.

[53] OCI Melamine website, http://www.ocinitrogen.com/melamine/EN/Pages/Production.aspx (accessed December 11, 2014).

(total capacity is equal to *** pounds).[54] According to Global Trade Atlas data, the Netherlands was the second largest exporter in 2014 after China (see Table VII-7).

[54] ***.

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 68699 November 18, 2014	*Melamine From China and Trinidad and Tobago*	http://www.gpo.gov/fdsys/pkg/FR-2014-11-18/pdf/2014-27227.pdf
79 FR 73030 December 9, 2014	*Melamine from China and Trinidad and Tobago: Initiation of Countervailing Duty Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-09/pdf/2014-28832.pdf
79 FR 73037 December 9, 2014	*Melamine from China and Trinidad and Tobago: Initiation of Antidumping Duty Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2014-12-09/pdf/2014-28840.pdf
80 FR 518 January 6, 2015	*Melamine from China and Trinidad and Tobago: Determinations*	http://www.gpo.gov/fdsys/pkg/FR-2015-01-06/pdf/2014-30908.pdf
80 FR 21706 April 20, 2015	*Melamine from Trinidad and Tobago: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-04-20/pdf/2015-09004.pdf
80 FR 21708 April 20, 2015	*Melamine from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-04-20/pdf/2015-09003.pdf
80 FR 34621 June 17, 2015	*Melamine from Trinidad and Tobago: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-06-17/pdf/2015-14975.pdf
80 FR 34891 June 18, 2015	*Melamine from The People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-06-18/pdf/2015-14973.pdf

80 FR 44150 July 24, 2015	*Melamine From China and Trinidad and Tobago: Scheduling of the Final Phase of Countervailing Duty and Antidumping Duty Investigations*	http://www.gpo.gov/fdsys/pkg/FR-2015-07-24/pdf/2015-18126.pdf
80 FR 68846 November 6, 2015	*Melamine from Trinidad and Tobago: Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-11-06/pdf/2015-28350.pdf
80 FR 68847 November 6, 2015	*Melamine from the People's Republic of China: Final Affirmative Countervailing Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-11-06/pdf/2015-28351.pdf
80 FR 68849 November 6, 2015	*Melamine from Trinidad and Tobago: Final Affirmative Countervailing Duty Determination*	http://www.gpo.gov/fdsys/pkg/FR-2015-11-06/pdf/2015-28349.pdf
80 FR 68851 November 6, 2015	*Melamine from the People's Republic of China: Final Determination of Sales at Less Than Fair Value*	http://www.gpo.gov/fdsys/pkg/FR-2015-11-06/pdf/2015-28352.pdf

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject:	Melamine from China and Trinidad and Tobago
Inv. Nos.:	701-TA-526-527 and 731-TA-1262-1263 (Final)
Date and Time:	November 3, 2015 - 9:30 am

Sessions were held in connection with these investigations in the Main Hearing Room (Room 101), 500 E Street, S.W., Washington, DC.

OPENING REMARKS:

Petitioner (**Stephen J. Orava**, King & Spalding LLP)
Respondents (**Eric C. Emerson**, Steptoe & Johnson LLP)

In Support of the Imposition of
Antidumping and Countervailing Duty Orders:

King & Spalding LLP
Washington, DC
on behalf of

Cornerstone Chemical Company

Gregory Zoglio, Chief Executive Officer, Cornerstone Chemical Company

Paul Mikesell, Chief Operating Officer, Cornerstone Chemical Company

Michael Driscoll, Global Business Manager of Melamine, Cornerstone Chemical Company

Eifion Jones, Chief Financial Officer, Cornerstone Chemical Company

In Support of the Imposition of
Antidumping and Countervailing Duty Orders (continued):

Brent Petit, USW Staff Representative

Joseph W. Dorn)
Stephen J. Orava) – OF COUNSEL
Clinton R. Long)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Steptoe & Johnson LLP
Washington, DC
on behalf of

Methanol Holdings (Trinidad) Limited
Southern Chemical Corporation
(collectively "MHTL")

Adrian Spencer, Vice President of Sales, Southern Chemical Corporation

Vishard Chandool, Manager Business Development, Methanol Holdings (Trinidad) Limited

Michel Ross, Vice President, Manufacturing, Süddekor LLC

Scott Hansen, Operations Director, INEOS Melamines LLC

Daniel Klett, Principal, Capital Trade, Inc.

Eric C. Emerson)
) – OF COUNSEL
Nathan W. Cunningham)

REBUTTAL/CLOSING REMARKS:

Petitioner (**Joseph W. Dorn**, King & Spalding LLP)
Respondents (**Eric C. Emerson**, Steptoe & Johnson LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Melamine: Summary data concerning the U.S. market, 2012-14, January to June 2014, and January to June 2015
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to June		Calendar year			Jan-Jun
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	5,871	23,335	28,696	12,782	3,216	388.8	297.5	23.0	(74.8)
Value	4,801	16,323	17,216	8,263	2,025	258.6	240.0	5.5	(75.5)
Unit value	$0.82	$0.70	$0.60	$0.65	$0.63	(26.6)	(14.5)	(14.2)	(2.6)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Trinidad and Tobago									
Quantity	37,787	26,418	26,500	19,665	6,923	(29.9)	(30.1)	0.3	(64.8)
Value	22,929	17,740	17,772	13,586	4,469	(22.5)	(22.6)	0.2	(67.1)
Unit value	$0.61	$0.67	$0.67	$0.69	$0.65	10.5	10.7	(0.1)	(6.6)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	43,658	49,754	55,196	32,447	10,138	26.4	14.0	10.9	(68.8)
Value	27,730	34,063	34,988	21,849	6,494	26.2	22.8	2.7	(70.3)
Unit value	$0.64	$0.68	$0.63	$0.67	$0.64	(0.2)	7.8	(7.4)	(4.9)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	27,999	32,461	27,248	14,617	21,407	(2.7)	15.9	(16.1)	46.5
Value	18,295	23,227	18,119	9,982	14,320	(1.0)	27.0	(22.0)	43.5
Unit value	$0.65	$0.72	$0.66	$0.68	$0.67	1.8	9.5	(7.1)	(2.0)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	71,657	82,215	82,444	47,065	31,546	15.1	14.7	0.3	(33.0)
Value	46,025	57,290	53,107	31,831	20,814	15.4	24.5	(7.3)	(34.6)
Unit value	$0.64	$0.70	$0.64	$0.68	$0.66	0.3	8.5	(7.6)	(2.4)
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 (dollars)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.

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

Table C-2
Melamine: Summary data concerning the U.S. market with China as nonsubject, 2012-14, January to June 2014, and January to June 2015
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to June		Calendar year			Jan-Jun
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad and Tobago	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
All other sources and China	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad and Tobago	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
All other sources and China	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Trinidad and Tobago:									
Quantity	37,787	26,418	26,500	19,665	6,923	(29.9)	(30.1)	0.3	(64.8)
Value	22,929	17,740	17,772	13,586	4,469	(22.5)	(22.6)	0.2	(67.1)
Unit value	$0.61	$0.67	$0.67	$0.69	$0.65	10.5	10.7	(0.1)	(6.6)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China:									
Quantity	5,871	23,335	28,696	12,782	3,216	388.8	297.5	23.0	(74.8)
Value	4,801	16,323	17,216	8,263	2,025	258.6	240.0	5.5	(75.5)
Unit value	$0.82	$0.70	$0.60	$0.65	$0.63	(26.6)	(14.5)	(14.2)	(2.6)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	27,999	32,461	27,248	14,617	21,407	(2.7)	15.9	(16.1)	46.5
Value	18,295	23,227	18,119	9,982	14,320	(1.0)	27.0	(22.0)	43.5
Unit value	$0.65	$0.72	$0.66	$0.68	$0.67	1.8	9.5	(7.1)	(2.0)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources and China combined:									
Quantity	33,870	55,796	55,944	27,400	24,623	65.2	64.7	0.3	(10.1)
Value	23,096	39,550	35,336	18,245	16,345	53.0	71.2	(10.7)	(10.4)
Unit value	$0.68	$0.71	$0.63	$0.67	$0.66	(7.4)	3.9	(10.9)	(0.3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	71,657	82,215	82,444	47,065	31,546	15.1	14.7	0.3	(33.0)
Value	46,025	57,290	53,107	31,831	20,814	15.4	24.5	(7.3)	(34.6)
Unit value	$0.64	$0.70	$0.64	$0.68	$0.66	0.3	8.5	(7.6)	(2.4)
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 (dollars)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.

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

Table C-3
Melamine: Summary data concerning the U.S. market with China as nonsubject and questionnaire data for Trinidad and Tobago, 2012-14, January to June 2014, and January to June 2015
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to June		Calendar year			Jan-Jun
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad and Tobago (fn3)	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
All other sources and China	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad and Tobago (fn3)	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
All other sources and China	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Trinidad and Tobago (fn3):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China:									
Quantity	5,871	23,335	28,696	12,782	3,216	388.8	297.5	23.0	[(74.8)]
Value	4,801	16,323	17,216	8,263	2,025	258.6	240.0	5.5	[(75.5)]
Unit value	$0.82	$0.70	$0.60	$0.65	$0.63	(26.6)	(14.5)	(14.2)	[(2.6)]
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	27,999	32,461	27,248	14,617	21,407	(2.7)	15.9	(16.1)	[46.5]
Value	18,295	23,227	18,119	9,982	14,320	(1.0)	27.0	(22.0)	[43.5]
Unit value	$0.65	$0.72	$0.66	$0.68	$0.67	1.8	9.5	(7.1)	[(2.0)]
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources and China combined:									
Quantity	33,870	55,796	55,944	27,400	24,623	65.2	64.7	0.3	[(10.1)]
Value	23,096	39,550	35,336	18,245	16,345	53.0	71.2	(10.7)	[(10.4)]
Unit value	$0.68	$0.71	$0.63	$0.67	$0.66	(7.4)	3.9	(10.9)	[(0.3)]
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
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 (dollars)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Uses U.S. importers' U.S. shipments of imports based on questionnaire data for Trinidad and Tobago

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

Table C-4
Melamine: Summary data concerning the U.S. market with questionnaire data for Trinidad and Tobago, 2012-14, January to June 2014, and January to June 2015
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
				January to June		Calendar year			Jan-Jun
	2012	2013	2014	2014	2015	2012-14	2012-13	2013-14	2014-15
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad and Tobago (fn3)	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad and Tobago (fn3)	***	***	***	***	***	***	***	***	***
Subject sources	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	5,871	23,335	28,696	12,782	3,216	388.8	297.5	23.0	[(74.8)]
Value	4,801	16,323	17,216	8,263	2,025	258.6	240.0	5.5	[(75.5)]
Unit value	$0.82	$0.70	$0.60	$0.65	$0.63	(26.6)	(14.5)	(14.2)	[(2.6)]
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Trinidad and Tobago (fn3):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	27,999	32,461	27,248	14,617	21,407	(2.7)	15.9	(16.1)	[46.5]
Value	18,295	23,227	18,119	9,982	14,320	(1.0)	27.0	(22.0)	[43.5]
Unit value	$0.65	$0.72	$0.66	$0.68	$0.67	1.8	9.5	(7.1)	[(2.0)]
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
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 (dollars)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Net income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
Unit net income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***
Net income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Uses U.S. importers' U.S. shipments of imports based on questionnaire data for Trinidad and Tobago

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

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Three importers reported price data for nonsubject countries Germany and the Netherlands for products 2 and 3.[1] Price data reported by these firms accounted for *** percent of U.S. imports of melamine from Germany and *** percent of U.S. imports from the Netherlands since 2012. These price items and accompanying data are comparable to those presented in tables V-4 and V-5. Price and quantity data for nonsubject countries, Germany and the Netherlands, and subject country China are shown in tables D-1 through D-3 and in figures D-1 through D-3 (with domestic and subject sources).

In comparing nonsubject country pricing data with United States pricing data, prices for product imported from Germany and the Netherlands were lower than prices for U.S.-produced product in *** instances and higher in *** instances. In comparing pricing data for imported product from China with pricing data for product imported from nonsubject countries, prices for product imported from China were lower than prices for product imported from Germany and the Netherlands in *** instances and higher in *** instances. In comparing pricing data for product imported from Trinidad and Tobago with melamine imported from nonsubject countries, prices for product imported from Trinidad and Tobago were lower than prices for product imported from Germany and the Netherlands in *** instances and higher in *** instances. In comparing prices for melamine imported from Trinidad and Tobago with prices for product imported from nonsubject countries and subject country China, prices for melamine imported from Trinidad and Tobago were lower in *** instances and higher in *** instances. A summary of margins of underselling and overselling is presented in table D-4 and D-5.

[1] No imports of product 1 from Germany or the Netherlands were reported.

Table D-1

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,[1] by quarters, January 2012-June 2015

Period	United States		Germany		Netherlands	
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)
2012:						
Jan.-Mar.	***	***	--	0	--	0
Apr.-Jun.	***	***	--	0	--	0
Jul.-Sep.	***	***	--	0	--	0
Oct.-Dec.	***	***	--	0	--	0
2013:						
Jan.-Mar.	***	***	--	0	--	0
Apr.-Jun.	***	***	--	0	--	0
Jul.-Sep.	***	***	--	0	--	0
Oct.-Dec.	***	***	--	0	--	0
2014:						
Jan.-Mar.	***	***	--	0	--	0
Apr.-Jun.	***	***	--	0	--	0
Jul.-Sep.	***	***	--	0	--	0
Oct.-Dec.	***	***	--	0	--	0
2015:						
Jan.-Mar.	***	***	--	0	--	0
Apr.-Jun.	***	***	--	0	--	0

Period	China		Trinidad and Tobago	
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)
2012:				
Jan.-Mar.	--	0	***	***
Apr.-Jun.	--	0	***	***
Jul.-Sep.	--	0	--	0
Oct.-Dec.	--	0	***	***
2013:				
Jan.-Mar.	--	0	--	0
Apr.-Jun.	--	0	--	0
Jul.-Sep.	--	0	--	0
Oct.-Dec.	***	***	--	0
2014:				
Jan.-Mar.	***	***	--	0
Apr.-Jun.	***	***	--	0
Jul.-Sep.	--	0	--	0
Oct.-Dec.	***	***	--	0
2015:				
Jan.-Mar.	--	0	--	0
Apr.-Jun.	--	0	--	0

[1] Product 1: Unground melamine crystal in bulk.

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

Table D-2
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,[1] by quarters, January 2012-June 2015

Period	United States		Germany		Netherlands	
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)
2012: Jan.-Mar.	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2013: Jan.-Mar.	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2014: Jan.-Mar.	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***
Jul.-Sep.	***	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***	***
2015: Jan.-Mar.	***	***	***	***	***	***
Apr.-Jun.	***	***	***	***	***	***

Period	China		Trinidad and Tobago	
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)
2012: Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2013: Jan.-Mar.	***	***	***	***
Apr.-Jun.	0.74	2,236,368	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2014: Jan.-Mar.	0.72	2,550,182	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2015: Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***

[1] Product 2: Unground melamine crystal in bags of 1,000 to 3,000 pounds.

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

Table D-3
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,[1] by quarters, January 2012-June 2015

Period	United States		Germany		Netherlands	
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)
2012:						
Jan.-Mar.	***	***	--	0	***	***
Apr.-Jun.	***	***	--	0	***	***
Jul.-Sep.	***	***	--	0	***	***
Oct.-Dec.	***	***	--	0	***	***
2013:						
Jan.-Mar.	***	***	--	0	***	***
Apr.-Jun.	***	***	--	0	***	***
Jul.-Sep.	***	***	--	0	***	***
Oct.-Dec.	***	***	--	0	***	***
2014:						
Jan.-Mar.	***	***	--	0	***	***
Apr.-Jun.	***	***	--	0	***	***
Jul.-Sep.	***	***	--	0	***	***
Oct.-Dec.	***	***	--	0	***	***
2015:						
Jan.-Mar.	***	***	--	0	***	***
Apr.-Jun.	***	***	--	0	***	***

Period	China		Trinidad and Tobago	
	Price (dollars per pound)	Quantity (pounds)	Price (dollars per pound)	Quantity (pounds)
2012:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	***	***	***	***
Oct.-Dec.	***	***	***	***
2013:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	***	***	***	***
Jul.-Sep.	--	0	***	***
Oct.-Dec.	--	0	***	***
2014:				
Jan.-Mar.	--	0	***	***
Apr.-Jun.	--	0	***	***
Jul.-Sep.	--	0	***	***
Oct.-Dec.	--	0	***	***
2015:				
Jan.-Mar.	***	***	***	***
Apr.-Jun.	--	0	***	***

[1] Product 3: Unground melamine crystal in bags of 50 to 60 pounds.

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

Figure D-1
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,[1] by quarters,[1] January 2012-June 2015

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Figure D-2
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,[1] by quarters,[1] January 2012-June 2015

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Figure D-3
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,[1] by quarters,[1] January 2012-June 2015

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Table D-4
Melamine: Summary of underselling/(overselling), by country, January 2012-June 2015

Comparison	Total number of comparisons	Underselling		Overselling	
		Number of quarters	Quantity (pounds)	Number of quarters	Quantity (pounds)
Nonsubject vs United States.-- Germany vs. United States	***	***	***	***	***
Netherlands vs. United States	***	***	***	***	***
Subtotal nonsubject vs. United States	***	***	***	***	***
Nonsubject vs Subject.-- Germany vs. China	***	***	***	***	***
Germany vs. Trinidad and Tobago	***	***	***	***	***
Netherlands vs. China	***	***	***	***	***
Netherlands vs. Trinidad and Tobago	***	***	***	***	***
Subtotal nonsubject vs. subject	***	***	***	***	***
Total	**119**	**44**	**115,173,315**	**75**	**161,315,448**

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

Table D-5
Melamine: Summary of underselling/(overselling) of Trinidadian melamine, by nonsubject countries and subject country China, January 2012-June 2015

Comparison	Total number of comparisons	Underselling		Overselling	
		Number of quarters	Quantity (pounds)	Number of quarters	Quantity (pounds)
Trinidad and Tobago vs Other sources.-- Trinidad and Tobago vs. China	***	***	***	***	***
Trinidad and Tobago vs. Germany	***	***	***	***	***
Trinidad and Tobago vs. Netherlands	***	***	***	***	***
Total	***	***	***	***	***

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