METHYL ALCOHOL FROM CANADA

Affirmative Determination of "A Reasonable Indication of Injury" in Inquiry No. AA1921-Inq.-13 Under the Antidumping Act, 1921, as Amended

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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

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USITC REPORTS ON METHYL ALCOHOL FROM CANADA

Treasury Investigation to Continue

The United States International Trade Commission today notified the Secretary of the Treasury that the pending Treasury Department investigation on methyl alcohol from Canada under the Antidumping Act, 1921, should not be terminated.

The USITC had been asked to determine if there was no reasonable indication of injury or the likelihood of injury to an industry in the United States by reason of imports of methyl alcohol from Canada possibly sold at less than fair value. The Commission, which instituted its inquiry on June 16, 1978, determined that there was a resonable indication of injury or the likelihood thereof.

Chairman Joseph O. Parker, Vice Chairman Bill Alberger, and Commissioners George M. Moore, Catherine Bedell, Italo H. Ablondi, and Daniel Minchew concurred in the determination that Treasury should continue its investigation into the

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nature and extent of the alleged less than fair value sales of methyl alcohol from Canada. Chairman Parker, Vice Chairman Alberger and Commissioners Moore and Bedell based their determinations on possible current injury to a domestic industry or likelihood thereof, while Commissioners Ablondi and Minchew based their determinations on possible likelihood of injury to a domestic industry.

As a result of the USITC determination, the Treasury Department will continue its investigation which it instituted under the Antidumping Act after receiving a complaint from the E. I. du Pont de Nemours & Co. Inc., of Wilmington, Del.

Methyl alcohol is a clear, flammable liquid made from natural gas that is used primarily as a general solvent and as a raw material for the manufacture of other chemicals, particularly formaldehyde. Formaldehyde is used extensively to produce resins for plywood adhesives and accounts for nearly half of all U.S. consumption of methyl alcohol.

Eight firms produce methyl alcohol in the United States at 11 plant sites, most of which are in Texas and Louisiana. Two firms account for virtually all imports of the product from Canada.

Data gathered by the Commission indicate downward trends in the number of production and related workers producing methyl alcohol and in the profitability of U.S. producers on their methyl alcohol operations. As a percentage of consumption, imports of methyl alcohol from Canada increased from virtually zero in 1974 to 5.5 in 1977. Last year Canada accounted for more than 85 percent of all imports of methyl alcohol into the United States.

The Commission's report, Methyl Alcohol from Canada (USITC Publication 898), contains the views of the Commissioners and information developed in the investigation (No. AA1921-Inq.-13). Copies may be obtained by calling (202) 523-5178 or from the Office of the Secretary, United States International Trade Commission, 701 E Street NW., Washington, D.C. 20436.

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UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-13] July 10, 1978

METHYL ALCOHOL FROM CANADA

Commission Determines "A Reasonable Indication of Injury"

On June 9, 1978, the United States International Trade Commission received advice from the Department of the Treasury that, in accordance with section 201(c)(1) of the Antidumping Act of 1921, as amended, an antidumping investigation was being initiated with respect to methyl alcohol from Canada, and that, pursuant to section 201(c)(2) of the act, information developed during Treasury's preliminary investigation led to the conclusion that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of such methyl alcohol into the United States from Canada. Accordingly, the Commission, on June 16, 1978, instituted inquiry AA1921-Inq.-13 under section 201(c)(2) of the act to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

A public hearing was held on June 26, 1978, in Washington, D.C. Public notice of both the institution of the inquiry and of the hearing was duly given by posting copies of the notice at the Secretary's Office in the Commission in Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register on June 22, 1978 (43 F.R. 26800).

The Treasury instituted its investigation after receiving a properly filed complaint on May 2, 1978, from the E.I. du Pont de Nemours & Co., Inc., Wilmington, Delaware. The Treasury's notice of its antidumping proceeding was published in the Federal Register of June 14, 1978 (43 F.R. 25758).

On the basis of information developed during the course of this inquiry the Commission determines that there is a reasonable indication that an industry in the United States is being or is likely to be injured, by reason of the importation of methyl alcohol into the United States from Canada allegedly sold at less than fair value as indicated by the Department of the Treasury. 1/

1/ Vice Chairman Bill Alberger and Commissioners George M. Moore and Catherine Bedell determine that, on the basis of information developed during the course of this inquiry, there is a reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of methyl alcohol from Canada allegedly sold at less than fair value as indicated by the Department of the Treasury. Chairman Joseph O. Parker, concurring in this determination, does not determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of methyl alcohol from Canada allegedly sold at less than fair value, as indicated by the Department of the Treasury. Commissioners Italo H. Ablondi and Daniel Minchew determine that there is a reasonable indication that an industry in the United States is likely to be injured by reason of the importation of methyl alcohol from Canada allegedly sold at less than fair value as indicated by the Department of the Treasury.

Views of Chairman Joseph O. Parker and
Commissioners George M. Moore and Catherine Bedell

On June 9, 1978, the United States International Trade Commission received advice from the Department of the Treasury that, during the course of a preliminary investigation with respect to methyl alcohol from Canada, Treasury had concluded from the information available to it "that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of this merchandise into the United States." On June 16, 1978, the Commission instituted inquiry No. AA1921-Inq.-13 under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of information developed during the course of this inquiry, we do not determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of methyl alcohol into the United States from Canada allegedly sold at less than fair value (LTFV) as indicated by the Department of the Treasury.

Discussion

Domestic production of methyl alcohol decreased from 1973 to 1975 and then increased in 1976 and 1977. In 1977, however, domestic production was lower than in 1973 and 1974. In January-April 1978, production fell 7 percent

1/ Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.

below that of the corresponding period of the previous year. Throughout this period, domestic producers' shipments were about equally divided between captive consumption and open-market consumption. Two firms have ceased production since 1975, and one has indicated curtailment of plans to expand capacity.

Capacity utilization has decreased. In 1977, capacity utilization was 11 percent lower than in 1974. In January-April 1978, capacity utilization was 71.3 percent, compared with 77.6 percent in January-April 1977. Between 1976 and the first 4 months of 1978, the average monthly employment of production and related workers in the manufacture of methyl alcohol decreased from 501 to 394.

Although domestic consumption of methyl alcohol has increased in recent years, domestic producers' inventories of methyl alcohol have continued to increase. In 1974, domestic producers' inventories of methyl alcohol as a share of shipments were 8 percent. In 1977, the share was 20 percent, and data for the first 4 months of 1978 indicate that this trend of increasing inventories has continued.

Data on the financial performance of U.S. producers of methyl alcohol show a deteriorating trend in their methyl alcohol operations since 1974. The aggregate ratio of net operating profit to net sales has declined from 38 percent in 1974 to 17.2 percent in the first 4 months of 1978. Two producers indicated losses for both 1977 and January-April 1978. Domestic producers' average production costs per unit are increasing faster than the average value per pound of methyl alcohol shipped. On two different occasions within the past 2 years, complainant Du Pont has announced price increases which it could not sustain.

Since 1976, the average value per pound of shipments from Alberta Gas Chemicals, Ltd., the only Canadian exporter, has been consistently lower than the corresponding value for U.S. producers' shipments by a significant margin, given the quantities shipped (357.7 million pounds) and the duty imposed on methyl alcohol (1.1 cents per pound). The difference between the value of the Canadian product and the U.S. product can be completely accounted for by the alleged LTFV margin of 1.8 cents per pound.

Imports of methyl alcohol from Canada have increased from virtually zero in 1974 to 5.5 percent of total apparent U.S. consumption in 1977 or approximately 11 percent of 1977 U.S. open-market consumption. Imports in the first 4 months of 1978 increased by more than 50 percent over the corresponding period of 1977. Since 1975, imports from Canada have accounted for 26 percent of the increase in U.S. open-market consumption and 16 percent of the increase in total consumption.

Three domestic producers provided the Commission with information of sales allegedly lost as a result of imports sold at LTFV. While some of these claims were difficult to verify because of transfer shipping, the Commission's investigation indicates that a significant volume of sales may have been lost to Canadian imports. Alberta Gas Chemicals, Ltd., has announced plans to construct two additional plants for the production of methyl alcohol by 1983. The United States is a major market for methyl alcohol produced by Alberta Gas Chemicals, Ltd., accounting for a substantial percentage of its production in 1977.

Conclusion

On the basis of the information established by this 30-day inquiry, we do not determine that there is no reasonable indication that an industry in the United States is being or is likely to be injured by reason of imports alleged to be sold at LTFV.

Statement of Reasons of Vice Chairman Bill Alberger

Statutory criteria of section 201(c)(2)

If the Secretary of the Treasury concludes, during a preliminary investigation under the Antidumping Act, 1921, as amended, that there is substantial doubt regarding possible injury to an industry in the United States, he shall forward to the U.S. International Trade Commission (Commission) his reasons for such doubt. Within 30 days of receipt of the Secretary's reasons, the Commission shall determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, 1/ by reason of the importation of merchandise allegedly sold in the United States at less than fair value (LTFV). This inquiry, instituted on June 16, 1978, concerns methyl alcohol from Canada.

Determination

On the basis of information developed during the course of this inquiry, I determine that there is a reasonable indication that an industry in the United States is being or is likely to be injured by reason of the importation of methyl alcohol into the United States from Canada allegedly sold at less than fair value as indicated by the Department of the Treasury (Treasury).

1/ Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.

Information regarding alleged margins of LTFV sales

Treasury advised the Commission that the petitioner alleged margins of LTFV sales of 48% of the U.S. market price or 32% of the home market price.

A Reasonable Indication of Injury

Imports from Canada.--Since 1974, imports from Canada have increased from virtually nothing to 358 million pounds in 1977, up to 5.5 percent of total U.S. consumption. The increase in imports appears to be continuing in 1978. Since about half of U.S. consumption is captive (by domestic producers themselves), imports from Canada amounted to eleven percent of open-market consumption in 1977.

U.S. production--1973 was the highest level of production in the past five years. Domestic production declined slightly in 1974, sharply in 1975, and recovered in both 1976 and 1977, but was still slightly below the 1973 and 1974 levels in 1977. Domestic production during the first four months of 1978 was below that of the corresponding period of 1977.

Utilization of productive capacity.--In 1974, capacity utilization was 90 percent. It dropped sharply to 65 percent in 1975 before climbing back to 79 percent in 1977. Figures for the first four months of 1978 show a decline back to 71 percent, from the 78 percent experienced during the first four months of 1977.

Employment.--The data available to us shows a decline in the average monthly number of production and related workers engaged in the production of methyl alcohol from 501 in 1976 to 394 in the first four months of 1978.

Profitability.--Aggregate data for domestic producers show generally increasing net sales and net operating profits from methyl alcohol since 1974. However, the ratio of net operating profits to net sales has declined from 38 percent in 1974 to 17.2 percent in the first four months of 1978. Two of the eight producers show losses for 1977 and early 1978.

Inventories.--Since 1974, year-end inventories of methyl alcohol have increased steadily as a percentage of shipments.

Prices.--Since 1976, the average value per pound for the major importer's shipments has remained below the corresponding value for U. S. producers' shipments by a margin which could be completely accounted for by the alleged LTFV margin of 1.8 cents per pound. Since August of 1977, the major importer's weighted average price to its four principal customers has also been lower than U.S. producers'. This appears to be due to the major importers' price on shipments to one U.S. producer which receives co-producers' prices. No comparable price data was received from any U.S. producers, since none of their four principal customers were other U.S. producers. The average unit value of methyl alcohol shipped by the major importer to trading companies and end users was higher than that of U.S. producers in both 1976 and 1977, but was lower than that of U.S. producers during the first four months of 1978. The average value per pound shipped by U.S. producers increased between 1976 and 1977, and increased further during January-April 1978. However, average unit production costs have increased at a faster rate, indicating the possibility of price suppression.

Lost Sales.--The staff was able to verify one source to which U.S. producers claim to have lost sales. This source has purchased large quantities of Canadian methyl alcohol in recent months.

Conclusion

In 30 day inquiries, the Commission need only find a reasonable indication of injury. Data on domestic production and capacity utilization show no clear trends. Inventories are growing, profitability and employment seem to be declining, and imports from Canada are increasing. Our data on prices is somewhat confusing, as we appear to be comparing apples and oranges at one point. The possibility of price suppression is clearly present, and we do have one verified lost sale.

While all factors do not point in the same direction, on balance I believe there is a "...reasonable indication that an industry in the United States is being or is likely to be injured...by reason of the importation of methyl alcohol into the United States from Canada".

If Treasury finds sales at LTFV in this investigation, the Commission will be called upon to determine whether this industry is indeed being injured by reason of such LTFV sales. In this opinion, I am certainly not prejudging that case. In fact, it will be important to this Commissioner to get better data on several factors, particularly prices.

Statement of Reasons of Commissioner Italo H. Ablondi 1/

On June 9, 1978, the United States International Trade Commission received advice from the Department of the Treasury that during the course of a preliminary investigation with respect to methyl alcohol from Canada, Treasury had concluded from the information available to it "that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of this merchandise into the United States." Acting upon this advice, the Commission, on June 16, 1978, instituted inquiry No. AA1921-Inq.-13, under section 201(c)(2) of the Antidumping Act, 1921, as amended, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Determination

On the basis of information developed during the course of this inquiry, I determine that there is a reasonable indication that an industry in the United States is likely to be injured, 2/ by reason of the importation of methyl alcohol into the United States from Canada allegedly sold at less than fair value as indicated by the Department of the Treasury.

Discussion

The legislative intent in the enactment of section 201(c)(2) of the Antidumping Act, 1921, as amended, is "to eliminate unnecessary and costly investigations which

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1/ Commissioner Daniel Minchew concurs in the result.
2/ Prevention of establishment of an industry in this inquiry is not in question and will not be discussed further in these views.

are an administrative burden and an impediment to trade." 1/ This intent is effectuated when the Commission determines, pursuant to section 201(c)(2), that "there is no reasonable indication that a domestic industry is being or is likely to be injured" by reason of the subject imports, thereby eliminating an unnecessary, costly, and burdensome investigation by Treasury. The information obtained in this inquiry requires a finding that there is a reasonable indication that an industry in the United States is likely to be injured by reason of the importation of methyl alcohol into the United States from Canada allegedly sold at less than fair value as indicated by the Department of the Treasury.

The antidumping complaint filed with Treasury by DuPont alleges that because of the importation of methyl alcohol from Canada at less than fair value (LTFV), the complainant (DuPont) and other domestic producers are being injured by reason of lost sales and price suppression.

Market penetration by imports from Canada

Imports of Canadian methyl alcohol comprise the bulk of U.S. imports. 2/ The Canadian industry is composed of two firms, Alberta Gas Chemicals, Ltd., which accounts for approximately 85 percent of the methyl alcohol produced in Canada, and Celanese Chemical Co., Ltd. Only Alberta Gas exports methyl alcohol to the United States. In 1977, Alberta exported a very large proportion of its annual production to the United States. Imports from Canada have increased from virtually zero in

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1/ See S. Rept. No. 93-1298, 93d Cong., 2d sess. p. 171, of the Committee on Finance of the United States Senate, which accompanied H.R. 10710, the bill which became the Trade Act of 1974.

2/ Canadian-produced methyl alcohol accounted for 86 percent of the total U.S. imports of methyl alcohol in 1977.

1974 to 358 million pounds in 1977. 1/ This represents almost 10.9 percent of open-market apparent consumption. In addition, during the period from January to April 1978, there has been an increase of nearly 10 percent in imports over the corresponding period in 1977. This continuous pattern of growth and increased market penetration reveals the likelihood of injury to the domestic industry.

The plans to expand the Alberta Gas operation offer further evidence of likely injury to the domestic industry. Alberta Gas has plans to substantially increase its capacity in stages during the next 4 years. The present pattern of rapidly increasing exports to the United States coupled with the vast planned expansion of the Alberta Gas operation, with its probable additional increase in exports to the United States presents the likelihood of serious injury to the U.S. industry. 2/

Unlike the situation in the investigation of Methyl Alcohol from Brazil, there is present a continuous pattern of increasing imports currently affecting 11 percent of the open market, with the likelihood of greater increased imports in the future. Based on these facts we find there is a reasonable indication that the domestic methyl alcohol industry is likely to be injured.

1/ As a percentage of total consumption, imports from Canada have increased from virtually 0 in 1974 to 5.5 percent in 1977.

2/ We are not convinced by the argument advanced in the Alberta brief that the increased output from the expanded operation will be exported primarily to the Pacific rim countries, and hence does not represent a threat to the domestic industry.

INFORMATION OBTAINED IN THE INVESTIGATION

Summary

On June 16, 1978, the United States International Trade Commission instituted inquiry No. AA1921-Inq.-13 on methyl alcohol--dutiable under items 427.96 and 427.97 of the TSUS--after receiving advice from Treasury on June 9, 1978, that there is substantial doubt that imports of the subject merchandise from Canada alleged to be sold at less than fair value are the cause of present, or likely future, injury to an industry in the United States. Treasury's advice is consequent to a preliminary antidumping investigation it initiated in response to a petition it received on May 2, 1978, from counsel acting on behalf of E. I. du Pont de Nemours & Co., Inc. (Du Pont). The petitioner contends that, because of the importation of methyl alcohol from Canada at less than fair value, it and other domestic producers are being injured by reason of lost sales, price suppression and depression, reduced profitability, and underutilization of capacity.

Methyl alcohol is a clear, flammable liquid used primarily as a general solvent and as a raw material for the manufacture of other chemicals, particularly formaldehyde. The product varies little in terms of physical and chemical characteristics.

Eight firms currently produce methyl alcohol within the United States at 11 plant sites, most of which are in Texas and Louisiana. Two firms, Du Pont and Celanese Chemical Co., account for * * * of U.S. capacity and, like most of the other U.S. producers, are large, diversified, multinational corporations. Georgia-Pacific Corp., a U.S. producer, and Alberta Gas Chemicals, Inc., a subsidiary of the largest Canadian producer of the same name, 1/ account for * * * imports from Canada. Canada, in turn, accounted for over 85 percent of all imports of methyl alcohol into the United States in 1977.

U.S. producers internally consume approximately one-half of the methyl alcohol they produce. The utilization facilities of U.S. producers and importers are in diverse locations throughout the United States, and often, because of freight considerations, members of the industry agree to supply each other with methyl alcohol on a reciprocal, no-charge basis. These transfer shipments are a significant factor in the operations of Alberta Gas Chemicals, Inc., and several U.S. producers.

Data gathered by the Commission indicate downward trends in the number of production and related workers producing methyl alcohol and in the profitability of U.S. producers on their methyl alcohol operations. Upward trends are evident in capacity utilization and in the ratio of inventories to shipments.

As a percentage of consumption, imports of methyl alcohol from Canada have increased from virtually zero in 1974 to 5.5 in 1977, rising slightly again in January-April 1978 compared with the corresponding period of 1977.

1/ Alberta Gas Chemicals, Ltd.

Alberta Gas Chemicals, Inc.'s, weighted average price to its 4 principal customers was consistently *** than the weighted average price for * * * of the reporting U.S. producers until August and September of 1977, when Alberta Gas Chemicals', Inc., price *** significantly *** U.S. producers' prices. Since 1976, the average value per pound for Alberta Gas Chemicals, Inc.'s, total shipments has been * * * than the corresponding value for U.S. producers' shipments.

Introduction

On June 9, 1978, the United States International Trade Commission received advice from the Department of the Treasury that there is substantial doubt that an industry in the United States is being or is likely to be injured by reason of the importation of methyl alcohol from Canada that may be sold in the United States at less than fair value (LTFV) within the meaning of the Antidumping Act, 1921, as amended. 1/ Accordingly, on June 16, 1978, the Commission instituted an inquiry, AA1921-Inq.-13, under section 201(c) of said act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. By statute, the Commission must render its determination within 1 month of its receipt of advice from Treasury--in this case by July 10, 1978.

In connection with the investigation, a public hearing was held in Washington, D.C., on June 26, 1978. Notice of the institution of the investigation and the public hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and at the Commission's office in New York City, and by transmitting the original notice to the Federal Register on June 20, 1978. 2/

Treasury's advice is consequent to a preliminary antidumping investigation it initiated in response to a petition it received on May 2, 1978, from counsel acting on behalf of E. I. du Pont de Nemours & Co., Inc. (Du Pont), Wilmington, Del. 3/ The petitioner contends that, because of the importation of methyl alcohol from Canada at LTFV, it and other domestic producers are being injured by reason of lost sales, price suppression and depression, reduced profitability, and underutilization of capacity.

In the event that the U.S. International Trade Commission finds in the affirmative--that there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being

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1/ Treasury Department's letter of notification to the U.S. International Trade Commission is presented in app. A.

2/ A copy of the Commission's notice of investigation and hearing is presented in app. B.

3/ Treasury Department's notice of antidumping proceeding is presented in app. C.

established, by reason of the importation of methyl alcohol from Canada that may be sold at less than fair value--Treasury's investigation as to the fact or likelihood of sales at LTFV will be terminated. If the Commission finds in the negative, Treasury's investigation will continue. The Commission conducted a similar inquiry on methyl alcohol from Brazil in September and October of 1977 and determined affirmatively by a 5-0 vote (AA1921-Inq.-7). Consequently, Treasury terminated its investigation into the nature and extent of possible LTFV sales of methyl alcohol from Brazil.

The Product

Description and uses

Methyl alcohol, also known as methanol, is a clear, flammable liquid used primarily as a general solvent and as a raw material for the manufacture of other chemicals. The product varies little in terms of physical and chemical characteristics, normally consisting of about 99.98 percent methyl alcohol with trace amounts of water and other organic chemicals. Nearly all methyl alcohol today is made synthetically from natural gas. Originally, methyl alcohol was made from wood and other vegetable products and was commonly referred to as "wood alcohol."

Until 10 to 13 years ago, all synthetic methyl alcohol was produced by high-pressure processes that depended upon the relatively low price of natural gas. In recent years the price of natural gas has risen substantially in Texas and Louisiana, where nearly all methyl alcohol is manufactured. Production processes utilizing lower pressures and less natural gas for the same volume of output have since been developed by ICI, Ltd., of the United Kingdom, and Lurgi, Gmbh, of West Germany, and virtually all new plants that U.S. firms have built in recent years are licensed to use the ICI or Lurgi processes. Other U.S. plants have been converted. Presently, about half of U.S. production capacity is in low-pressure facilities. Some U.S. facilities using high-pressure technology use centrifugal type compressors rather than the older reciprocating-type compressors. Although the centrifugal compressors increase the efficiency of the high-pressure process, the efficiency of such plants remains below that of plants using low-pressure technology.

In addition to the development of more efficient methods of manufacturing methyl alcohol from natural gas, there has been an increasing interest in producing methyl alcohol from coal. Several companies have studied coal-gasification units to supply feedstock, but to date no plants have been built in the United States for the production of methyl alcohol from coal.

The principal uses of methyl alcohol are as a raw material for the manufacture of other chemicals, particularly formaldehyde, which accounts for between 40 and 50 percent of methyl alcohol consumption in the United States. Formaldehyde-based resins are used extensively as adhesives in the production of plywood and particle board, important components of the housing industry. Other principal uses are as a general solvent, including surface coatings, paint removers, inks, and adhesives. Several potentially large uses for methyl alcohol are being developed in a wide range of fuel, chemical, and other applications. Particularly important among these are its use as a fuel for the generation of electricity in power plants, as a gasoline extender and base for synthetic gasoline, and for the direct reduction of iron ore. None of these uses, however, is expected to be significant during the next 5 years. * * *.

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U.S. tariff treatment

Methyl alcohol is dutiable under the provisions of items 427.96 and 427.97 of the Tariff Schedules of the United States (TSUS). Item 427.96 applies to methyl alcohol imported only for use in producing synthetic natural gas or for direct use as a fuel and is free of duty for most-favored-nations. All other methyl alcohol enters under TSUS item 427.97 and is subject to a rate of duty of 7.6 cents per gallon (1.1 cent per pound). 1/ The statutory rate of duty in both cases is 18 cents per gallon (2.7 cents per pound). The most-favored-nation rates have been in effect since October 26, 1974, pursuant to Public Law 93-482. Prior to this date, all methyl alcohol was imported under a single tariff provision at the rate of 7.6 cents per gallon. Imports of methyl alcohol under TSUS item 427.97 are eligible for duty-free treatment under the Generalized System of Preferences.

Nature and Extent of Alleged LTFV Sales

In its petition to Treasury, Du Pont contends that the home-market price for methyl alcohol in Canada averages 5.7 cents per pound f.o.b. point of shipment, that the price to the U.S. market averages 3.9 cents per pound, and that the LTFV margin therefore averages 1.8 cents per pound. As calculated by Treasury, the average LTFV margin (when divided by the price to the U.S. market) would be 48 percent; as calculated by the U.S. International Trade Commission, the average margin (when divided by the home-market price) would be 32 percent.

Du Pont calculated Canadian home-market prices for methyl alcohol on the basis of information it acquired on recent annual sales by Canada's largest producer--Alberta Gas Chemicals, Ltd., Edmonton, Alberta--to its three largest purchasers. In computing the price of Canadian methyl alcohol to the U.S. market, Du Pont used the declared and/or dutiable value of U.S. imports of methyl alcohol from Alberta Gas Chemicals, Ltd., as listed in statistics published by the Bureau of the Census of the U.S. Department of Commerce. Du Pont claims that Canada's entire share of the methyl alcohol market in the United States since 1974 represents LTFV imports and lost sales to U.S. producers. 2/

1/ In 1977 the ad valorem equivalent was 28.8 percent.

2/ During the public hearing, Du Pont lowered its estimate of the proportion of Canadian methyl alcohol being sold in the United States at LTFV to 75 percent of the total (see transcript of the hearing p. 31).

The Domestic Industry

At least 8 firms currently produce methyl alcohol within the United States. Production is centered in 11 plants or manufacturing facilities, all but 1 of which are located in Texas and Louisiana. Two firms--Du Pont and Celanese Chemical Co. (a division of Celanese Corp.), New York, N.Y.--presently account for between * * * and * * * percent each of U.S. capacity to produce methyl alcohol, and together account for about * * * percent of U.S. production. Most of the U.S. producers, including the above two firms, are large, diversified, multinational corporations. Those firms which have produced methyl alcohol within the past 5 years and their respective capacities, production, shares of total U.S. capacity, and shares of total production for 1977 are shown in table 1. Rohm and Haas Co., Philadelphia, Pa., and International Minerals & Chemical Corp. (IMC), Libertyville, Ill., ceased production of methyl alcohol in 1977 and 1975, respectively. IMC's plans to construct additional production facilities in Louisiana have been suspended. Presently, Du Pont is constructing additional production facilities with an annual capacity of at least * * * pounds in Deer Park, Tex. Utilizing low-pressure technology, this plant will largely replace the company's much less efficient high-pressure facility in Orange, Tex. DuPont suspended production at the latter location in January 1977.

Less than six firms imported methyl alcohol in 1977. Georgia-Pacific Corp.--the * * * largest U.S. producer--and Alberta Gas Chemicals, Inc., a wholly owned U.S. subsidiary of Alberta Gas Chemicals, Ltd., account for * * * imports from Canada.

After producing or importing methyl alcohol, a firm may consume the product itself (providing it has the facilities to do so), sell it to another producer, sell it to a trading company, or sell it to an end user. U.S. producers internally consume approximately half of all the methyl alcohol they produce in the United States. Such captive consumption is often facilitated by means of intercompany transfer shipments, whereby various members of the industry, including importers, agree to exchange the product among themselves on a reciprocal basis. This is a consequence of firms having utilization facilities in diverse locations, so that in many instances it is cheaper in terms of transportation costs for some companies to supply each other rather than to supply themselves. Instead of selling the product to each other, they merely agree to trade equal quantities at no charge and each company receives the transfer as if it produced it itself. In a similar fashion, sales to trading companies and/or end users are facilitated by "swapping" arrangements. As a consequence of temporarily being unable to supply its customer, a company will agree to having another make the shipment with the understanding that it will reciprocate to one of the latter's customers sometime in the future. The first company records the second company's transaction as if it were its own sale. Alberta Gas Chemicals, Inc., transfer ships to * * *, and * * * in substantial quantities.

Table 1.--Methyl Alcohol: U.S. producers' capacity, production, share of total capacity and share of total production, by firm, 1977

Firm and plant location	Annual capacity 1/	Share of total capacity	Annual production	Share of total production
	Million pounds	Percent	Million pounds	Percent
Celanese Chemical Co., Clear Lake, Tex., Bishop, Tex., Pampa, Tex	***	***	***	***
E.I. duPont de Nemours & Co., Inc., Beaumont, Tex., Orange, Tex	***	***	***	***
Borden, Inc., Geismar, La	***	***	***	***
Georgia-Pacific Corp., Plaquemine, La	***	***	***	***
Monsanto Com., Texas City, Tex	***	***	***	***
Hercufina, Inc., Plaquemine, La	***	***	***	***
Tenneco Chemicals, Inc., Houston, Tex	***	***	***	***
Air Products & Chemicals, Inc., Pensacola, Fla	***	***	***	***
International Minerals & Chemical Corp., Sterlington, La. 2/	***	***	***	***
Rohm and Haas Co., Deer Park, Tex. 3/	***	***	***	***
Total	8,353	100.0	6,625	100.0

1/ Based on average product mix during 1976 and 1977, allowance for anticipated maintenance and down-time, 3 shifts per day, 7 days per week.
2/ Ceased production in 1975.
3/ Ceased production in 1977.

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

U.S. production, captive use, and producers' open market shipments, which do not include transfer shipments, are shown below. In 1976, 1977, and the first 4 months of 1978, U.S. producers' transfer shipments accounted for approximately one-eighth of production. Captive use, by firms, for 1973-77 is shown in table 3.

Table 2.--Methyl alcohol: U.S. production, captive use, and producers' open-market shipments, 1973-77, January-April 1977, and January-April 1978

Period	Production	Captive use	Producers' open-market shipments 1/	Shipments as a share of domestic production
	Million pounds	Million pounds	Million pounds	Percent
1973	7,064.4	3,222.6	3,841.8	54.4
1974	6,789.3	3,604.0	3,185.3	46.9
1975	5,176.3	2,655.0	2,521.3	48.7
1976	6,126.6	3,071.9	3,054.7	49.9
1977	6,624.6	3,271.6	3,353.0	50.6
January-April--				
1977	2,187.6	1,097.4	1,090.2	49.8
1978	2,034.8	974.2	1,060.6	52.1

1/ Unadjusted for inventory changes.

Source: Synthetic Organic Chemicals, U.S. Production and Sales, United States International Trade Commission, and data submitted in response to questionnaires of the U.S. International Trade Commission.

Tables 4 and 5 show U.S. production, U.S. producers' open-market shipments, exports, imports, and apparent consumption, 1973-77, January-April 1977, and January-April 1978.

Table 3.--Methyl alcohol: Captive use by U.S. producers, and share of U.S. production accounted for by captive use, by firms, 1974-77, January-April 1977, and January-April 1978

Firm	1974	1975	1976	1977	January-April-- 1977	January-April-- 1978
	Captive use (million pounds) 1/					
Celanese	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***
Monsanto	***	***	***	***	***	***
Tenneco	***	***	***	***	***	***
Rohm & Haas	***	***	***	***	***	
Borden	***	***	***	***	***	***
Georgia Pacfic	***	***	***	***	***	***
Hercufina	***	***	***	***	***	***
IMC	***	***	***	***	***	***
Air Products	***	***	***	***	***	***
Total	3,604	2,712	3,244	3,553	1,160	1,084
	Share of production accounted for by captive use (percent)					
Celanese	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***
Monsanto	***	***	***	***	***	***
Tenneco	***	***	***	***	***	***
Rohm & Haas	***	***	***	***	***	
Borden	***	***	***	***	***	***
Georgia Pacfic	***	***	***	***	***	***
Hercufina	***	***	***	***	***	***
IMC	***	***	***	***	***	***
Air Products	***	***	***	***	***	***
Total	53.1	52.4	53	54	53	53

1/ Includes consumption of imports from Canada.
2/ Estimate.
3/ Not available.
4/ Did not produce methyl alcohol.

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

Table 4.--Methyl alcohol: U.S. production, imports, exports of domestic merchandise, and apparent consumption, 1973-77, January-April 1977, and January-April 1978

Period	U.S. production	Imports: From Canada	Imports: From all others	Imports: Total	Exports	Apparent consumption	Ratio of imports to consumption: From Canada	Ratio of imports to consumption: From all others	Ratio of imports to consumption: Total imports
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Percent	Percent
1973	7,064.4	1/	1/	1/	820.3	6,244.1	2/	2/	2/
1974	6,789.3	0.9	120.0	120.9	980.3	5,929.1	2/	2.0	2.0
1975	5,176.3	70.9	41.2	112.1	458.2	4,830.2	1.5	.9	2.3
1976	6,126.6	195.1	89.0	284.1	515.9	5,894.8	3.3	1.5	4.8
1977	6,624.6	357.7	59.8	417.5	489.5	6,552.6	5.5	.9	6.4
Jan.-Apr.--									
1977	2,187.6	106.0	6.6	112.6	205.2	2,095.0	5.1	.3	5.4
1978	2,034.8	115.9	55.0	170.9	61.7	2,144.0	5.4	2.6	8.0

1/ Less than 50,000 pounds.
2/ Less than .05 percent.

Source: Synthetic Organic Chemicals, United States Production and Sales U.S. International Trade Commission; data received in response to questionnaires of the U.S. International Trade Commission; and official statistics of the U.S. Department of Commerce.

Table 5.--Methyl alcohol: U.S. producers' open-market shipments, imports, exports of domestic merchandise, and apparent consumption, 1973-77, January-April 1977, and January-April 1978

Period	U.S. producers' open-market shipments	Imports: From Canada	Imports: From all others	Imports: Total	Exports	Apparent open-market consumption	Ratio of imports to open-market consumption: From Canada	Ratio of imports to open-market consumption: From all others	Ratio of imports to open-market consumption: Total imports
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Percent	Percent
1973----------	3,841.8	1/	1/	1/	820.3	3,021.5	2/	2/	2/
1974----------	3,185.3	0.9	120.0	120.9	980.3	2,325.9	2/	5.2	5.2
1975----------	2,521.3	70.9	41.2	112.1	458.2	2,175.2	3.3	1.9	5.2
1976----------	3,054.7	195.1	89.0	284.1	522.5	2,531.2	7.7	3.5	11.2
1977----------	3,353.0	357.7	59.8	417.5	498.2	3,272.3	10.9	1.8	12.8
Jan.-Apr.--									
1977--------	1,090.2	106.0	6.6	112.6	205.2	997.6	10.6	.6	11.3
1978--------	1,060.6	115.9	55.0	170.9	61.7	1,169.8	9.9	4.7	14.6

1/ Less than 50,000 pounds.
2/ Less than .05 percent.

Source: Synthetic Organic Chemicals, United States Production and Sales U.S. International Trade Commission; data received in response to questionnaires of the U.S. International Trade Commission; and official statistics of the U.S. Department of Commerce.

Foreign Producers

The United States is the world's largest producer of methyl alcohol, accounting for about 30 percent of total world production in 1975. In that year the Federal Republic of Germany and Japan were the second and third largest producers, accounting for 10 percent and 9 percent, respectively. Western Europe accounted for 29 percent of the world's total in 1975, while Eastern Europe produced somewhat less. The U.S.S.R. reportedly accounted for about 70 percent of the production in Eastern Europe.

The vast majority of methyl alcohol imported into the United States, however, is produced in Canada, which accounted for 86 percent of total U.S. imports in 1977. Other sources include the United Kingdom and, most recently, the Republic of Korea. The Canadian industry is composed of two firms: Alberta Gas Chemicals, Ltd., which accounts for approximately 85 percent of the methyl alcohol produced in Canada, and Celanese Chemical Co., Ltd., a subsidiary of Celanese Corp., New York, N.Y. Of the two firms, * * * Alberta Gas Chemicals exports methyl alcohol to the United States. In 1977, Alberta Gas Chemicals, Ltd., produced * * * million pounds of methyl alcohol, operating at * * * percent of its capacity. The company's plant, in Medicine Hat, Alberta, is of the more efficient low-pressure type, and during the next 4 years the company plans to construct additional capacity of * * * million pounds. In 1977, * * * million pounds of methyl alcohol, or * * * percent of Alberta Gas Chemicals' annual production, was exported to the United States. Table 6 shows the quantity and value of U.S. imports of methyl alcohol, by sources, during the period 1975-77, January-April 1977, and January-April 1978.

Table 6.--Methyl alcohol: Imports, by sources, 1974-1977, January-April 1977, and January-April 1978

Source	1974	1975	1976	1977	January-April-- 1977	January-April-- 1978
	Quantity (million pounds)					
Canada	0.9	70.9	195.1	357.7	106.0	115.9
United Kingdom	31.3	22.1	80.9	48.3	6.6	20.1
Korea	0	0	0	0	0	20.4
Other	88.7	19.1	8.1	1/ 11.4	0	3/ 14.5
Total	120.9	112.1	284.1	417.5	112.6	170.9
	Percentage distribution, by quantity					
Canada	0.8	63.2	68.7	85.7	91.6	67.8
United Kingdom	25.9	19.7	28.5	11.6	8.4	11.8
Korea	-	-	-	-	-	12.0
Other	73.3	17.1	2.8	2.7	-	8.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
	Value (1,000 dollars) 2/					
Canada	125	1,775	5,873	14,205	2,295	3,677
United Kingdom	2,189	1,125	2,693	1,970	236	652
Korea	-	-	-	-	-	841
Other	9,849	1,027	231	1/ 434	-	3/ 518
Total	12,163	3,927	8,797	16,609	2,531	5,688
	Percentage distribution, by value					
Canada	1.0	45.2	66.8	85.5	90.7	64.6
United Kingdom	18.0	28.6	30.6	11.9	9.3	11.5
Korea	-	-	-	-	-	14.8
Other	81.0	26.2	2.6	2.6	-	9.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
	Unit value (cents per pound)					
Canada	13.9	2.5	3.0	4.0	2.2	3.2
United Kingdom	7.0	5.1	3.4	4.1	3.6	3.2
Korea	-	-	-	-	-	4.1
Other	11.1	5.4	2.9	3.8	-	3.6
Average	10.1	3.5	3.1	4.0	2.2	3.3

1/ Brazil. 2/ Customs import value. 3/ Israel.

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

Capacity Utilization

Capacity utilization for U.S. producers of methyl alcohol is shown in table 7. After falling significantly from 90 percent in 1974 to 65 percent in 1975, a recession year, capacity utilization increased to 79 percent in 1977. The data show that it declined again in January-April 1978 in comparison with the corresponding period of 1977.

Table 7.--Methyl Alcohol: U.S. production, producers' capacity, and capacity utilization, 1974-77, January-April 1977, and January-April 1978

Item	1974 1/	1975 1/	1976	1977	January-April--	
					1977	1978
Production million pounds--	4,917	3,563	6,127	6,625	2,188	2,035
Capacity 2/----do----	5,449	5,476	7,995	8,352	2,820	2,855
Capacity utilization percent--	90.2	65.1	76.6	79.3	77.6	71.3

1/ Does not include Monsanto, Borden, Hercufina, or IMC.
2/ Based on average product mix during 1976-77 and operating facilities at 3 shifts per day, 7 days per week, with allowance for anticipated maintenance and down time.

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

U.S. Employment

Employment of production and related workers in the production of methyl alcohol is summarized in table 8. In the methyl alcohol industry a decline in production does not ordinarily result in a decline in employment, since employees are usually retained to operate the production equipment with steam to keep it ready for use when methyl alcohol production resumes. Basic changes in employment occur when new plants are opened or when old plants are closed or converted to new methods of producing methyl alcohol.

Table 8.--Methyl Alcohol: Average employment of production and related workers in the production of methyl alcohol, 1976-77, January-April 1977, and January-April 1978

Period	Production and related workers 1/
	Number of workers
1976	501
1977	434
January-April--	
1977	434
1978	394

1/ Does not include Georgia-Pacific.

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

Financial Performance of Domestic Producers

Selected data indicative of the aggregate financial performance of U.S. producers of methyl alcohol, as summarized in table 9, reveal a deterioriating trend since 1974. The ratio of net operating profit to net sales has declined from 38 percent in 1974 to 17.2 percent in January-April 1978. It should be noted, however, that ratios of net profits to net sales in the chemicals industry are generally higher than for most other industries. Table 9 also compares net operating profits with fixed assets. Selected data regarding the financial performance of individual methyl alcohol producers are reported in table 10.

Table 9.--Selected financial data for U.S. producers of methyl alcohol on their methyl alcohol operations, 1974-77 and January-April 1978

Item	1974 1/	1975 1/	1976 2/	1977 2/	January-April-- 1978
Net sales of methyl alcohol 1,000 dollars--	58,200	80,500	201,398	200,337	73,649
Net operating profit---do----	22,400	27,200	46,364	38,642	12,704
Ratio of net operating profit to net sales percent--	38.5	33.8	23.0	19.3	17.2
Ratio of net operating profit to fixed assets (cost)---------------do----	3/	3/	30.4	29.0	9.4
Ratio of net operating profit to fixed assets (cost less depreciation)--------do----	3/	3/	17.6	15.0	4.8
Ratio of net operating profit to fixed assets (replacement cost)-----------do----	3/	3/	9.1	7.3	2.2

1/ Does not include Monsanto, Borden, Hercufina, IMC, or Georgia-Pacific.
2/ Does not include Monsanto or Georgia-Pacific.
3/ Not available.

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

Table 10.--Selected financial data for U.S. producers of methyl alcohol on their methyl alcohol operations, by firms, 1974-77 and January-April 1978

Firm	1974	1975	1976	1977	January-April-- 1978
	Net sales (million dollars)				
Celanese	***	***	***	***	***
Du Pont	***	***	***	***	***
Monsanto	***	***	***	***	***
Tenneco	***	***	***	***	***
Rohm & Haas	***	***	***	***	***
Borden	***	***	***	***	***
Georgia Pacific	***	***	***	***	***
Hercufina	***	***	***	***	***
IMC	***	***	***	***	***
Air Products	***	***	***	***	***
Total	58.2	80.5	201.3	200.3	73.6
	Net profit or (loss) (million dollars)				
Celanese	***	***	***	***	***
Du Pont	***	***	***	***	***
Monsanto	***	***	***	***	***
Tenneco	***	***	***	***	***
Rohm & Haas	***	***	***	***	***
Borden	***	***	***	***	***
Georgia Pacific	***	***	***	***	***
Hercufina	***	***	***	***	***
IMC	***	***	***	***	***
Air Products	***	***	***	***	***
Total	22.4	27.2	46.4	38.6	12.7
	Ratio of net profit or (loss) to net sales (percent)				
Celanese	***	***	***	***	***
Du Pont	***	***	***	***	***
Monsanto	***	***	***	***	***
Tenneco	***	***	***	***	***
Rohm & Haas	***	***	***	***	***
Borden	***	***	***	***	***
Georgia Pacific	***	***	***	***	***
Hercufina	***	***	***	***	***
IMC	***	***	***	***	***
Air Products	***	***	***	***	***
Total	38.5	33.8	23.0	19.3	17.2

1/ Not available. 2/ Did not produce for merchant market.
3/ Did not produce methyl alcohol.

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

U.S. Producers' Inventories

The yearend inventories for U.S. producers of methyl alcohol are shown in table 11. The data show that as a percentage of shipments, inventories of methyl alcohol have increased steadily.

Table 11.--Methyl Alcohol: U.S. producers' inventories as of December 31 of 1974-77, April 30, 1977, and April 30, 1978

Date	Inventory 1/	Inventories as a share of shipments 1/ during the preceding 12-month or 4-month period
	Million pounds	Percent
December 31 of--		
1974	1/ 405	8.2
1975	1/ 453	12.7
1976	2/ 502	16.4
1977	2/ 669	20.0
April 30 of--		
1977	2/ 562	3/ 17.1
1978	2/ 658	3/ 20.7

1/ Does not include Monsanto, Borden, Hercufina, or IMC.
2/ Does not include Georgia-Pacific or Monsanto.
3/ Based on shipments during the preceding 4-month period at an annual rate.

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

U.S. Consumption and Market Penetration of Imports

Since 1973, data on apparent consumption of methyl alcohol reveal a declining trend through 1974 and an increasing trend thereafter. From 6,224 million pounds in 1973, apparent consumption in the United States fell to 4,830 million pounds in 1975, recovering to 6,553 million pounds in 1977. Data for January-April 1978 show a 2-percent increase over the corresponding period of 1977. As a percentage of consumption, imports of methyl alcohol from Canada have increased from virtually 0 in 1974 to 5.5 in 1977, rising slightly again in January-April 1978 from the corresponding period of 1977. Table 4 on page A-9 shows data on apparent consumption, the ratio of imports to consumption, and related data on production, imports, and exports. If apparent consumption is calculated on the basis of U.S. producers' open market shipments (table 5, page A-10), the ratio of Canadian imports to consumption has increased from virtually 0 percent in 1974 to 10.9 percent in 1977, falling slightly in January-April 1978 from the corresponding period of 1977.

Prices

Producers and importers were asked to report prices and quantities of methyl alcohol shipped to their 4 principal customers, by months, between January 1976 and April 1978. On the basis of this information, an average weighted price per pound for each company, by month, was calculated, the results of which appear in table 12.

* * * * * * *

In addition to average weighted price per pound to principal customers, average value per pound was calculated on the basis of the value and quantity of methyl alcohol shipped in the United States by U.S. producers and Alberta Gas Chemicals, Inc. The results are shown in table 13. * * *. Average unit values of shipments of U.S. producers and Alberta Gas Chemicals to U.S. producers and to trading companies and end users are also presented in table 13. * * *.

Despite the * * * average values for Alberta Gas Chemicals, Inc.'s, methyl alcohol, the average value per pound shipped by U.S. producers has continued to increase. Average unit production costs, however, have increased at a faster rate. While the average value per pound of methyl alcohol rose by 3.4 percent, or by 0.2 cent per pound, between 1976 and 1977, average production costs per pound rose by 15 percent, or by 0.6 cent per pound. U.S. producers' average unit production cost and average unit selling price for domestic sales of methyl alcohol, by firm, for 1972-77 are shown in table 14.

* * * * * * *

Table 12.--Methyl alcohol: Average weighted prices 1/ of U.S. producers and Alberta Gas Chemicals, Inc. to respective principal customers, by months, January 1976-April 1978

(In cents per pound)

Year and month	Air Products	DuPont	Tenneco	Celanese	Borden	Hercofina	All U.S. producers	Alberta Gas Chemicals, Inc.
1976:								
January	***	***	***	***	***	***	5.7	***
February	***	***	***	***	***	***	5.9	***
March	***	***	***	***	***	***	5.8	***
April	***	***	***	***	***	***	5.8	***
May	***	***	***	***	***	***	5.9	***
June	***	***	***	***	***	***	5.9	***
July	***	***	***	***	***	***	6.3	***
August	***	***	***	***	***	***	6.1	***
September	***	***	***	***	***	***	6.3	***
October	***	***	***	***	***	***	6.1	***
November	***	***	***	***	***	***	5.4	***
December	***	***	***	***	***	***	5.9	***
1977:								
January	***	***	***	***	***	***	5.8	***
February	***	***	***	***	***	***	5.7	***
March	***	***	***	***	***	***	5.7	***
April	***	***	***	***	***	***	5.8	***
May	***	***	***	***	***	***	6.0	***
June	***	***	***	***	***	***	5.5	***
July	***	***	***	***	***	***	5.8	***
August	***	***	***	***	***	***	6.1	***
September	***	***	***	***	***	***	6.0	***
October	***	***	***	***	***	***	5.9	***
November	***	***	***	***	***	***	6.0	***
December	***	***	***	***	***	***	5.9	***
1978:								
January	***	***	***	***	***	***	6.1	***
February	***	***	***	***	***	***	6.0	***
March	***	***	***	***	***	***	5.9	***
April	***	***	***	***	***	***	5.9	***

1/ Weighted on the basis of quantity sold.
2/ Not available.

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

Table 13.--Average unit values of methyl alcohol shipped by U.S. producers and Alberta Gas Chemicals, Inc., 1976-77 and January-April 1978

Year	Shipped by U.S. producers to U.S. producers		Shipped by Alberta Gas Chemicals to U.S. producers		Shipped by U.S. producers to Trading companies and end users		Shipped by Alberta Gas Chemicals to trading companies and end users		All domestic shipments by U.S. producers		All domestic shipments by Alberta Gas Chemical	
	Unit value	Quantity shipped 1/	Unit value	Quantity shipped 1/	Unit value	Quantity shipped 1/	Unit value	Quantity shipped 1/	Unit value	Quantity shipped	Unit value	Quantity shipped 1/
	Cents per pound	Million pounds	Cents per pound	Million pounds	Cents per pound	Million pounds	Cents per pound	Million pounds	Cents per pound	Million pounds	Cents per pound	Million pounds
1976	5.5	118.0	xxx	xxx	5.8	897.2	xxx	xxx	5.8	1,957.3	xxx	xxx
1977	5.3	38.4	xxx	xxx	5.7	1,148.2	xxx	xxx	6.0	2,115.2	xxx	xxx
January-April--												
1978	-	-	xxx	xxx	5.8	364.1	xxx	xxx	6.2	666.1	xxx	xxx

1/ Quantity on which unit value could be based.

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

Table 14.--Methyl alcohol: U.S. producers' average unit production cost and average unit selling price for domestic sales, by firms, 1972-77

(In cents per pound)

Firm	1972	1973	1974	1975	1976	1977
	Average production cost 4/					
Celanese	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***
Monsanto	***	***	***	***	***	***
Tenneco	***	***	***	***	***	***
Rohm & Haas	***	***	***	***	***	***
Borden	***	***	***	***	***	***
Georgia Pacfic	***	***	***	***	***	***
Hercufina	***	***	***	***	***	***
IMC	***	***	***	***	***	***
Air Products	***	***	***	***	***	***
Average 4/	1/	1/	1/	1/	4.0	4.6
	Average selling price 4/					
Celanese	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***
Monsanto	***	***	***	***	***	***
Tenneco	***	***	***	***	***	***
Rohm & Haas	***	***	***	***	***	***
Borden	***	***	***	***	***	***
Georgia Pacfic	***	***	***	***	***	***
Hercufina	***	***	***	***	***	***
IMC	***	***	***	***	***	***
Air Products	***	***	***	***	***	***
Average 4/	1/	1/	1/	1/	5.8	6.0

1/ Not available.
2/ * * *.
3/ * * *.
4/ Weighted by quantity sold.
5/ * * *.

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

Lost Sales

Only three producers--* * *, * * *, and * * *--documented lost sales of methyl alcohol to the major importer, providing dates, customer information, quantities, and values. Between January 1976 and April 1978 the above firms claim to have lost sales totaling 725 million pounds. It is certain that in many instances they claimed the same lost sale, as their combined total exceeds imports during that period by 75 million pounds. Because of the homogeneity of the product and frequent transfer shipping and reselling in the industry, lost sales are particularly difficult to trace and verify. It is evident, however, that at least one customer to which * * * and * * * claim to have lost sales has purchased directly and exclusively from the two U.S. importers: * * *.

Appendix A

Treasury Department's letter of notification to the U.S. International Trade Commission

A-24

THE GENERAL COUNSEL OF THE TREASURY

WASHINGTON, D.C. 20220

JUN 8 1978

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to methyl alcohol from Canada. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The bases for my determination are summarized in the attached copy of the Antidumping Proceeding Notice in this case. Further data will be supplied by Treasury.

Some of the enclosed data is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the enclosed information to be for the official use of the ITC only, not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely yours,

Robert H. Mundheim

Robert H. Mundheim

The Honorable
Daniel Minchew
Chairman
U.S. International Trade
Commission
Washington, D.C. 20436

Enclosure

DOCKET
NUMBER

#517

Appendix B

Notice of Commission's investigation of hearing

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-Inq.-13]

METHYL ALCOHOL FROM CANADA

Notice of Inquiry and Hearing

The United States International Trade Commission (Commission) received advice from the Department of the Treasury (Treasury) on June 9, 1978, that, during the course of determining whether to institute an investigation with respect to methyl alcohol from Canada in accordance with section 201(c) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(c)), Treasury had concluded from the information developed during its preliminary investigation that there is substantial doubt that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of this merchandise into the United States. Therefore, the Commission on June 16, 1978, instituted inquiry AA1921-Inq.-13, under section 201(c)(2) of that act, to determine whether there is no reasonable indication that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

The Treasury advised the Commission as follows:

Dear Mr. Chairman:

In accordance with section 201(c) of the Antidumping Act of 1921, as amended, an antidumping investigation is being initiated with respect to methyl alcohol from Canada. Pursuant to section 201(c)(2) of the Act, you are hereby advised that the information developed during our preliminary investigation has led me to the conclusion that there is substantial doubt that an industry in the United States is being, or is likely to be, injured by reason of the importation of this merchandise into the United States.

The bases for my determination are summarized in the attached copy of the Antidumping Proceeding Notice in this case. Further data will be supplied by Treasury.

Some of the enclosed data is regarded by Treasury to be of a confidential nature. It is therefore requested that the Commission consider all the enclosed information to be for the official use of the ITC only, not to be disclosed to others without prior clearance from the Treasury Department.

Sincerely yours,

/s/
Robert H. Mundheim

Hearing. A public hearing in connection with the inquiry will be held in Washington, D.C., on Monday, June 26, 1978, at 10:00 a.m., E.D.T. The hearing will be held in the Hearing Room, United States International Trade Commission Building, 701 E Street, NW., Washington, D.C. All parties will be given an opportunity to be present, to produce evidence, and to be heard at such hearing. Requests to appear at the public hearing should be received in writing in the office of the Secretary to the Commission not later than noon Wednesday, June 21, 1978.

Written statements. Interested parties may submit statements in writing in lieu of, and in addition to, appearance at the public hearing. A signed original and nineteen true copies of such statements should be submitted. To be assured of their being given due consideration by the Commission, such statements should be received not later than Thursday, June 22, 1978.

By order of the Commission.

Kenneth R. Mason
Secretary

Issued: June 20, 1978

Appendix C

Treasury Department's notice of antidumping proceeding

4810-22

DEPARTMENT OF THE TREASURY
OFFICE OF THE SECRETARY

METHYL ALCOHOL FROM CANADA

ANTIDUMPING PROCEEDING NOTICE

AGENCY: U.S. Treasury Department

ACTION: Initiation of Antidumping Investigation

SUMMARY:

This notice is to advise the public that a petition in proper form has been received and an antidumping investigation is being initiated for the purpose of determining whether imports of methyl alcohol from Canada are being, or are likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. However, as there is substantial doubt that imports of the subject merchandise alleged to be at less than fair value are the cause of present, or likely future, injury to an industry in the United States, the case is being referred to the U.S. International Trade Commission for preliminary injury consideration pursuant to Section 201(c) of the Act.

EFFECTIVE DATE:

(Date of publication in the FEDERAL REGISTER)

FOR FURTHER INFORMATION CONTACT:

Vincent Kane or Michael E. Crawford, Operations Officers, U.S. Customs Service, Office of Operations, Duty Assessment Division, Technical Branch, 1301 Constitution Avenue, N.W., Washington, D.C. 20229, telephone (202-566-5492).

SUPPLEMENTARY INFORMATION:

On May 2, 1978, information was received in proper form pursuant to sections 153.26 and 153.27, Customs Regulations (19 CFR 153.26, 153.27), from E.I. du Pont de Nemours & Company, indicating a possibility that methyl alcohol from Canada is being, or is likely to be, sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended (19 U.S.C. 160 et seq.).

The margins of dumping alleged, based on a comparison of sales to the U.S. with prices in the home market, range from approximately 12 to 100 percent.

There is evidence on record concerning injury or likelihood of injury from the alleged less than fair value imports. This evidence also indicates that although petitioner's domestic production, sales, and share of the domestic market for non-captive uses of methanol (so-called "merchant-market sales") declined in 1977 compared to 1976, the other domestic producers of the product experienced increases in each of these categories during the same period. Evidence on hand also indicates that while profitability on merchant-market sales for the entire industry producing methyl alcohol has declined, that decline may, in part, be attributable to rapidly increased costs of production. Furthermore, in determining whether profitability has been adversely affected, it appears inappropriate to consider merchant-market sales separately from total production and use or sale, particularly as the share of domestic production accounted for by captive consumption of U.S.

producers has increased substantially in recent years. In 1977, 73 percent of U.S. production was used by domestic producers for further processing. Moreover, domestic prices for methanol appear to have increased sharply over the past five years, including the periods in which Canadian sales occurred. In that connection, in determining pursuant to section 201(c)(2) of the Antidumping Act as recently as October 1977 that there was no reasonable indication of injury from imports of methyl alcohol from Brazil, Chairman Minchew of the U.S. International Trade Commission noted that "U.S. purchasers of open-market methyl alcohol have had to rely on imports to meet part of their raw material requirement." 42 Fed. Reg. 55950 (October 20, 1977).

Therefore, it has been concluded that there is substantial doubt of injury, or likelihood of injury, to an industry in the United States as a result of imports of such merchandise from Canada. Accordingly, the U.S. International Trade Commission is being advised of such doubt pursuant to section 201(c)(2) of the Act.

Having conducted a summary investigation as required by section 153.29 of the Customs Regulations (19 CFR 153.29) and having determined as a result thereof that there are grounds for so doing, the U.S. Customs Service is instituting an inquiry to verify the information submitted and to obtain the facts necessary to enable the Secretary of the Treasury to reach a determination as to the fact or likelihood of sales at less than fair value. Should the International Trade

Commission, within 30 days of receipt of the advice cited in the preceding paragraph, advise the Secretary that there is no reasonable indication that an industry in the United States is being, or is likely to be, injured by reason of the importation of such merchandise into the United States, the Department will publish promptly in the FEDERAL REGISTER a notice terminating the investigation. Otherwise the investigation will continue to conclusion.

This notice is published pursuant to section 153.30 of the Customs Regulations (19 CFR 153.30).

General Counsel of the Treasury

Robert H. Mundheim

JUN 8 1978

Appendix D

Probable Economic Effects of Tariff changes under Title I and Title V of the Trade Act of 1974 for Trade Agreement Digest No. 40473, July 1975.

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Library Cataloging Data

U.S. International Trade Commission.
Methyl alcohol from Canada: affirmative determination of "A reasonable indication of injury" in inquiry no. AA1921-Inq.-13 under the Antidumping act, 1921, as amended.

13, A-34 p. illus. 27 cm. (USITC Publication 898)

1. Alcohol, denatured. I. Title.

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

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