

UNITED STATES INTERNATIONAL TRADE COMMISSION

MONOSODIUM GLUTAMATE FROM KOREA

Negative Determination of "No Reasonable Indication of
Injury" in Inquiry No. AA1921-Inq. -5
Under the Antidumping Act, 1921,
as Amended



USITC Publication 778
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UNITED STATES INTERNATIONAL TRADE COMMISSION

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United States International Trade Commission
Washington, D.C.

June 10, 1976

[AA1921-Inq.-5]

MONOSODIUM GLUTAMATE FROM KOREA

Commission Does Not Determine "No Reasonable
Indication of Injury"

On May 11, 1976, the United States International Trade Commission received advice from the Department of the Treasury that, in accordance with section 201(c) of the Antidumping Act, 1921, as amended, an antidumping investigation was being initiated with respect to monosodium glutamate from Korea, and that, pursuant to section 201(c) of the act, information developed during the preliminary investigation led to the conclusion that there is substantial doubt whether 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 monosodium glutamate from Korea into the United States. Accordingly, on May 18, 1976, the Commission instituted inquiry No. AA1921-Inq.-5 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 1, 1976. Notice of the institution of the inquiry and the hearing was duly given by posting copies of the notice at the Office the Secretary, U.S. International Trade Commission,

Washington, D.C., and at the Commission's office in New York City, and by publishing the original notice in the Federal Register of May 24, 1976 (41 F.R. 21224).

The Department of the Treasury instituted its investigation after receiving a properly filed complaint on April 12, 1976. The notice of the Department of the Treasury of its antidumping proceeding was published in the Federal Register of May 14, 1976 (41 F.R. 19990).

On the basis of its inquiry with respect to imports of monosodium glutamate from Korea possibly sold at less than fair value as indicated by the Department of the Treasury--the subject of the antidumping investigation initiated by the Department of the Treasury--the Commission (Commissioners Leonard, Minchew, Moore, Bedell, Parker and Ablondi) does 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, by reason of the importation of such merchandise into the United States.

Statement of Reasons

The United States International Trade Commission on May 18, 1976, instituted inquiry No. AA1921-Inq.-5 under section 201(c)(2) of the Antidumping Act, 1921, as amended. The purpose of this 30-day inquiry was 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" into the United States of monosodium glutamate from Korea, which is the subject of a pending Department of the Treasury investigation under section 201(c)(1) of the Antidumping Act, 1921.

Determination

On the basis of the information developed with respect to 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 into the United States of monosodium glutamate from Korea possibly sold at less than fair value as indicated by the Department of the Treasury. As a result of this determination by the Commission, the Department of the Treasury may proceed with its pending investigation.

Discussion

In making the determination in this inquiry, we considered the industry most likely to be adversely affected by imports of the subject merchandise to consist of the U.S. facilities devoted to the production of monosodium glutamate (MSG). In June 1976 two U.S. firms, Stauffer

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^{1/} The question of no reasonable indication of the prevention of establishment of an industry was not an issue in this inquiry.

Chemical Co. and Great Western Sugar Co., produced MSG in plants in San Jose, Calif., and Johnstown, Colo., respectively. A third U.S. producer, Commercial Solvents Corp., discontinued production of MSG at a plant in Terre Haute, Ind., in May 1975.

Apparent U.S. consumption of MSG, which was at peak levels in 1973 and early 1974, declined in the latter part of 1974 and 1975. Consumption, which had amounted to 56.3 million pounds in 1973, declined by 6 percent in 1974 and by another 19 percent in 1975 to a level of 42.6 million pounds. In the January-April 1976 period, consumption rose again, in comparison with that in the corresponding period of 1975.

Imports of MSG from Korea first entered the U.S. market in significant amounts during early 1974, when the U.S. demand exceeded the supply available from U.S. producers and traditional sources of imports (primarily Japan and Taiwan). The ratio of imports from Korea to U.S. consumption increased from nonexistent or insignificant levels in the years prior to 1974 to 6.4 percent in that year. This ratio declined, as imports declined, to 3.8 percent in 1975. In January-April 1976, however, the ratio of imports from Korea to U.S. consumption rose sharply to 8.1 percent and the level of imports also rose sharply.

In 1975, imports from Korea had unit values which, according to the Department of the Treasury preliminary data, indicated less-than-fair-value margins ranging from 76 to 113 percent. The foreign unit values of MSG imported from Korea were significantly lower in 1975 and January-April 1976 than those of imports from all of the other sources

of supply. Since January 1975, the price of MSG imported from Korea has consistently been 2 to 6 cents per pound less than the U.S. producers' price for MSG. Furthermore, the price of MSG imported from Korea declined from 73 cents per pound in January-March 1975 to a range of 66 to 69 cents per pound during July-September 1975, where it remained through March 1976.

The market penetration (8.1 percent in recent months) and underselling of domestic MSG by imports from Korea discussed above occurred even during a period of rising U.S. consumption. Such penetration and underselling have been accompanied by a decline in the lowest price at which U.S. producers offered MSG to U.S. purchasers from a range of 75 to 79 cents per pound in January-March 1975 to 69 to 71 cents in January-March 1976. Further, there has been a 77-percent increase in U.S. producers' inventories of MSG between December 31, 1975, and April 30, 1976, evidence of some loss of orders by U.S. producers to imports from Korea, and a decline in the profitability of U.S. producers' MSG operations in 1975 and January-April 1976.

Conclusion

On the basis of the evidence developed in 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, by reason of the importation of monosodium glutamate from Korea possibly sold at less than fair value.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that this is crucial for ensuring the integrity of the financial statements and for providing a clear audit trail.

2. The second part of the document outlines the specific procedures for recording transactions. It details the steps involved in identifying, measuring, and recording each transaction, as well as the necessary documentation and approvals.

