

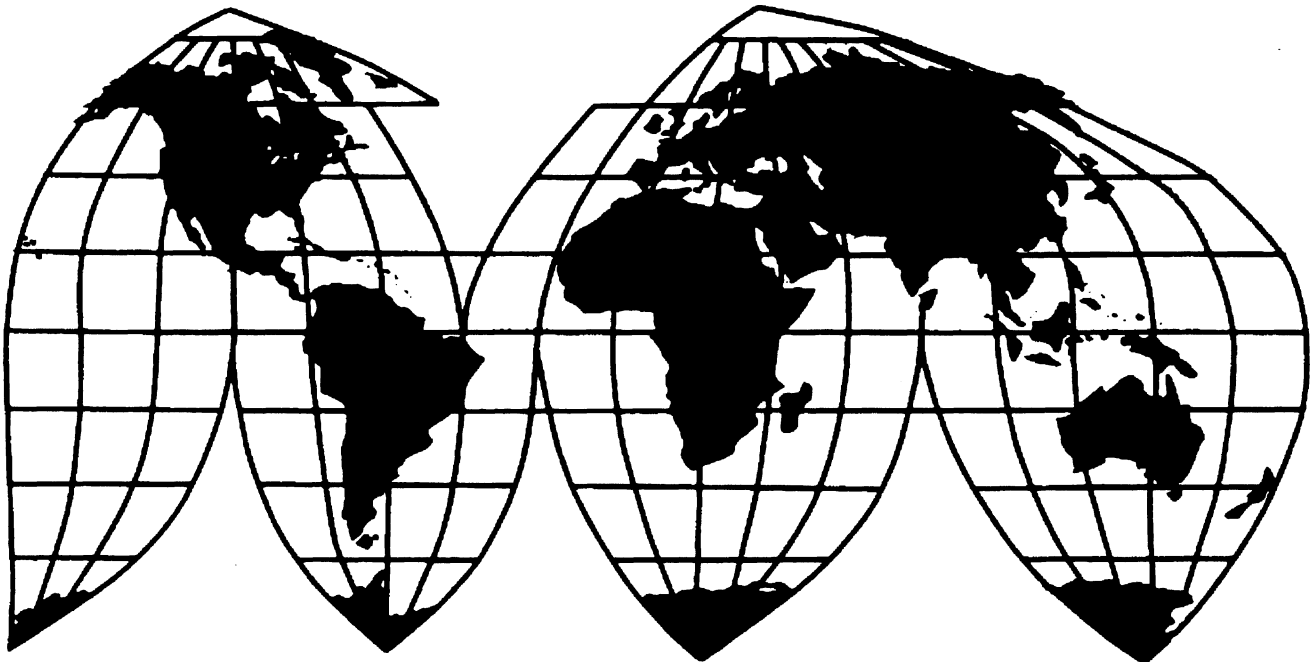
Barium Carbonate From China

Investigation No. 731-TA-1020 (Preliminary)

Publication 3561

November 2002

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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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Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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 No. 731-TA-1020 (Preliminary)

BARIUM CARBONATE FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject investigation, the United States International Trade Commission (Commission) determines, pursuant to section 733(a) of the Tariff Act of 1930 (the Act),² that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from China of barium carbonate, provided for in subheading 2836.60.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF FINAL PHASE INVESTIGATION

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigation. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the U.S. Department of Commerce (Commerce) of an affirmative preliminary determination in the investigation under section 733(b) of the Act, or, if the preliminary determination is negative, upon notice of an affirmative final determination in that investigation under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigation need not enter a separate appearance for the final phase of the investigation. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation.

BACKGROUND

On September 30, 2002, a petition was filed with the Commission and Commerce by Chemical Products Corp., Cartersville, GA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of barium carbonate from China. Accordingly, effective September 30, 2002, the Commission instituted antidumping duty investigation No. 731-TA-1020 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of October 4, 2002 (67 FR 62263). The conference was held in Washington, DC, on October 22, 2002, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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 19 U.S.C. § 1673b(a).

UNITED STATES INTERNATIONAL TRADE COMMISSION

BARIUM CARBONATE FROM CHINA

Investigation No. 731-TA-1020 (Preliminary)

VIEWS OF THE COMMISSION

Based on the record in this investigation, we find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of barium carbonate from China that are allegedly sold in the United States at less than fair value.

The petition in this investigation was filed on September 30, 2002, by Chemical Products Corporation (“CPC”). Other participants in this investigation include Qingdao Red Star Chemical Group (“Red Star”), a Chinese exporter of the subject merchandise; BassTech International (“BassTech”), and Seaforth Mineral & Ore Co. (“Seaforth”), U.S. importers of subject merchandise; and 3M Corporation, ***.¹

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping duty determinations requires the Commission to determine, based upon the information available at the time of a preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.² In applying this standard, the Commission weighs the evidence before it and determines

¹ Barium carbonate has been the subject of prior antidumping duty investigations in the United States. On September 9, 1980, a petition was filed with the U.S. Department of Commerce (“Commerce”) and the Commission alleging that an industry in the United States was materially injured or threatened with material injury by reason of dumped imports of barium carbonate and strontium carbonate from the Federal Republic of Germany. The petition was filed by CPC, FMC Corp., and Sherwin-Williams Co. On November 6, 1980, the Commission published its affirmative preliminary determination with respect to imports of barium carbonate and a negative preliminary determination with respect to strontium carbonate. 45 Fed. Reg. 73812 (November 6, 1980). On June 4, 1981, the Commission made an affirmative final determination. Precipitated Barium Carbonate From The Federal Republic of Germany, Investigation No. 731-TA-31 (Final), USITC Pub. 1154, June 1981. Commerce then issued an antidumping duty order. 46 Fed. Reg. 32864 (June 25, 1981). In October 1998, as part of a five-year review investigation, Commerce revoked the antidumping duty order effective January 1, 2000, for lack of a domestic industry response to its notice of initiation. 63 Fed. Reg. 64677 (November 23, 1998).

On October 25, 1983, a petition was filed by CPC with Commerce and the Commission alleging that an industry in the United States was materially injured or threatened with material injury by reason of dumped imports of barium chloride and barium carbonate (precipitated) from China. The Commission found barium chloride and barium carbonate to be separate like products and made an affirmative preliminary determination regarding each product. Commerce then reached a negative final antidumping determination regarding imports of barium carbonate and, therefore, the Commission made no final determination as the investigation on barium carbonate had been terminated. Barium Chloride and Barium Carbonate (Precipitated) From The People’s Republic of China Investigations Nos. 731-TA-149 and 150 (Preliminary), USITC Pub. 1458 (December 1983).

² 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354-55 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”³

II. DOMESTIC LIKE PRODUCT

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the “domestic like product” and the “industry.”⁴ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “[w]hole 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.”⁵ In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation ...”⁶

The decision regarding the appropriate domestic like product(s) 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.⁷ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁸ The Commission looks for clear dividing lines among possible like products, and disregards minor variations.⁹ Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise allegedly sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁰ The Commission must base its domestic

³ American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

⁴ 19 U.S.C. § 1677(4)(A).

⁵ Id.

⁶ 19 U.S.C. § 1677(10).

⁷ See, e.g., 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: (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).

⁸ See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

⁹ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the domestic 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.”).

¹⁰ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single domestic like product corresponding to several different classes or kinds defined by Commerce); Torrington,

(continued...)

like product determination on the record in this investigation. The Commission is not bound by prior determinations, pertaining even to the same imported products, but may draw upon previous determinations in addressing pertinent like product issues.¹¹

B. Product Description and Uses

Commerce defined the imported merchandise within the scope of these investigations as—

barium carbonate regardless of form or grade, and is covered by subheading 2836.60.00 of the HTS. Although the HTS subheading is provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.¹²

Barium carbonate is a heavy, odorless, white-to-cream colored chemical with the chemical formula BaCO₃.¹³ Barium carbonate is sold commercially in either a powdered or a granular form.¹⁴ These forms of barium carbonate, which typically contain at least 98 percent barium carbonate, have essentially the same chemical composition and similar physical properties but differ principally in their particle size. The smaller the particle size, the greater the total surface area of comparable weights of barium carbonate; surface area maximization is useful in applications requiring high reactivity or dispersability.¹⁵ CPC produces a special Micro-Flo™ grade of barium carbonate, a modified form of the powdered grade. The product is distinguished from other powdered barium carbonate by its flow characteristics, which are useful for feeding into production lines, and (as with the powdered form in general) from the granular product by the dispersability and reactivity of the barium carbonate with soluble sulfates.¹⁶

The two broad sectors in which barium carbonate is used are: (1) specialty glass, including television glass, and (2) bricks and tiles.¹⁷ In the manufacture of specialty glass, barium carbonate serves as a flux and causes barium (in the form of barium oxide) to become part of the glass structure, which

¹⁰ (...continued)

747 F. Supp. at 748-52 (affirming Commission's determination of six domestic like products in investigations where Commerce found five classes or kinds).

¹¹ See also Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp.2d 1298, 1304-05 (Ct. Int'l Trade 2000); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169, n.5 (Ct. Int'l Trade 1988) (particularly addressing like product determination); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988).

¹² 67 FR 65534 (October 25, 2002).

¹³ Confidential Report, Memorandum INV-Z-185 (November 7, 2002), as amended by Memorandum INV-Z-188 (November 13, 2002) (Additions and Corrections to the Staff Report), ("CR") at I-5; Public Report ("PR") at I-4.

¹⁴ Id.

¹⁵ CR at I-5, PR at I-4.

¹⁶ CR at I-8, PR at I-6.

¹⁷ CR at I-6, PR at I-4. Apart from the principal uses of barium carbonate, i.e., glass (accounting for approximately 75 percent of barium carbonate consumption), and brick and tile production (accounting for approximately 20 percent of barium carbonate consumption), it also is used in the production of other barium chemicals and in the manufacture of hard ferrite magnets used in DC motors, TV tubes, speakers and telephones. CR at I-7, II-1; PR at I-5, II-1. Barium carbonate also is produced in a high-purity form used in the production of ***. CR at I-5, PR at I-4. The high-purity grade of the product is not produced by CPC, ***. CR at I-5, PR at I-4; CR and PR at Tables III-1, III-2.

imparts durability, density, brilliance, and x-ray absorption properties. The latter characteristic allows the glass to be used as an x-ray screening agent in television glass and other cathode ray tubes, the largest single application of barium carbonate.¹⁸ Because it has a high reflective index, barium carbonate also is used in production of reflective glass for road and runway signs, markers, and license plates. It also is used in production of laboratory glass and specialty glass bottles because of its formability properties.¹⁹ Both granular and powdered barium carbonate are used to produce specialty glass.²⁰

In the manufacture of bricks, tiles, and other clay products, barium carbonate's reaction with soluble sulfates prevents formation of white surface deposits known as scum. Only the powdered form of barium carbonate, which is more dispersable, is used in the manufacture of those products.²¹

C. Analysis

The petitioner argues that there is a single domestic like product corresponding to the scope definition and that powdered and granular forms of barium carbonate are within that single like product.²² Respondents do not contest that definition of the domestic like product.²³ Based on the record in this preliminary investigation, we define the domestic like product as all barium carbonate, including both the powdered and granular forms of the product.

While there are some differences between powdered and granular barium carbonate with respect to the traditional factors considered by the Commission in defining the domestic like product, we conclude that, on balance, any differences do not warrant defining the powdered and granular products as separate domestic like products. The chemical composition of the two forms of the product is the same, and production of the two forms of the product is identical up to the final stages.²⁴ The granular product is generally freer flowing than the powdered product. However, CPC's modified powdered Micro-Flo™ product is also free flowing.

¹⁸ CR at I-6, PR at I-4. There are only four U.S. producers of television glass: ***. E.g., Memorandum INV-Z-189 at 2.

¹⁹ CR at I-7, PR at I-5.

²⁰ The equipment used to convey barium carbonate in the production of television glass, which relies on jets of air and a more free-flowing material, generally requires use of the granular product, but *** uses a spray-dried powdered product produced by CPC. CR at I-6, PR at I-4. In other specialty glass production, in which the flow properties are not as significant, either the powdered or granular form of the product is used. CR at I-8, PR at I-6.

²¹ CR at I-7, PR at I-5. The powdered form of barium carbonate used in brick and tile manufacture divides further into the less-processed powdered form and CPC's air-dried (Micro-Flo™) form. Certain brick and tile producers use different handling equipment than that required for use of the air-dried form of the product; they may use the imported product. This is common particularly with brick and tile facilities located a great distance from CPC's facility in Cartersville, Georgia, notably those on the West Coast, that are able to achieve additional savings in shipping costs by using the imported product. CR at I-9, PR at I-6.

²² CPC Postconference Brief at 3-5.

²³ Conference Transcript (Lee) at 70.

²⁴ CR at I-9, PR at I-6. In U.S. production of the granular product, the powdered product undergoes a final calcination step, in which the barium carbonate powder is heated to a temperature below its melting point. Id. & Id., n.35. CPC's Micro-Flo™ grade of the powdered form of barium carbonate, on the other hand, undergoes a final process that includes spray drying. CR at I-8, n.31, PR at I-6, n.31.

Although only the powdered form of barium carbonate is used in brick and tile production, both the powdered and granular forms are used in specialty glass production, including production of television glass. In practice, practical limits on interchangeability between the two forms of barium carbonate are imposed by the end user's production facilities and equipment.²⁵ Notwithstanding short term practical limits on interchangeability, a production process can be modified to accommodate a different form or grade of barium carbonate if justified by cost and price differences.²⁶ We find that there is a significant degree of overlap in end uses and interchangeability between the powdered and granular forms of barium carbonate.²⁷

Consequently, we find that there is no clear dividing line between the granular and powdered forms of the product. Accordingly, we define the domestic like product as all barium carbonate.²⁸

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the "producers as a [w]hole 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."²⁹ In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic production of the domestic like product, whether

²⁵ CR at I-7, PR at I-5; CPC Postconference Brief at 4-5.

²⁶ The record indicates that ***. Memorandum INV-Z-189 at 2.

²⁷ CPC states that powdered and granular barium carbonate are sold through identical channels of distribution and that sales personnel at CPC sell both forms of the product interchangeably. CPC also asserts that producers and end users view powdered and granular barium carbonate as different formulations of a single chemical, although customers typically draw a distinction between the two in terms of suitability for their specific operations based on manufacturing processes and equipment. CPC Postconference Brief at 4. We note price differences between the two forms (CR & PR at Tables V-1, V-2), but these differences do not outweigh the substantial similarities discussed above.

²⁸ The Commission must base its domestic like product determination on the record in this investigation and is not bound by prior determinations. Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F.Supp. 1165, 1169, n. 5 (Ct. Int'l Trade 1988) (addressing like product determination in particular); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int'l Trade 1988). However, we note that the Commission "normally does not find separate like products based on different grades of chemical or mineral products." E.g., Bulk Acetylsalicylic Acid (Aspirin) from China, Inv. No. 731-TA-828 (Final), USITC Pub. 3314 at 5-6 (June 2000). Our like product determination in this investigation is consistent with those in past investigations of barium carbonate. In the 1981 final antidumping determination concerning imports of barium carbonate from the Federal Republic of Germany, the Commission defined "all precipitated barium carbonate" as a single like product. Precipitated Barium Carbonate From The Federal Republic of Germany, Investigation No. 731-TA-31 (Final), USITC Pub. 1154, June 1981 at 4-5. In the 1983 preliminary determination concerning barium carbonate from China, the Commission again defined all barium carbonate as a single like product. Barium Chloride and Barium Carbonate (Precipitated) from the People's Republic of China, Inv. Nos. 731-TA-149 and 150 (Preliminary), USITC Pub. 1458 (December 1983) at 4-6. As noted above, the latter investigation was terminated prior to any final determination by the Commission.

²⁹ 19 U.S.C. § 1677(4)(A).

toll-produced, captively consumed, or sold in the domestic merchant market.³⁰ Accordingly, we define the domestic industry as CPC and Osram, the only domestic producers of the domestic like product.³¹

IV. CONDITIONS OF COMPETITION³²

As already noted, the principal uses for barium carbonate are in the production of glass, particularly television glass, and brick and tile production.³³ Glass production accounts for approximately 75 percent of total consumption of barium carbonate in the United States.³⁴ Television glass production relies primarily upon the granular form of the product, although the powdered product can be and is used; the brick and tile industry relies exclusively upon the powdered form of the product (in either the unprocessed form or the air-dried (Micro-Flo™) form). About *** of U.S. producers' barium carbonate shipments in 2001 were of the granular product, whereas more than *** percent of U.S. importers' shipments of the subject imports from China were of the powdered product.³⁵

The record data regarding demand show that, when measured by total apparent domestic consumption, U.S. barium carbonate demand increased from *** short tons in 1999 to *** short tons in 2000, then declined to *** short tons in 2001; it was *** short tons in January through June ("interim") 2002 compared with *** short tons in interim 2001.³⁶ There is some divergence among statements on the record concerning demand for barium carbonate. CPC asserts that demand for barium carbonate in the brick and tile segments has shown a modest increase over the period considered, following trends in construction, and that demand for barium carbonate in the specialty glass segment of the market has been consistent with overall economic trends during the period.³⁷ CPC further asserts that *** and because three of the four television glass manufacturers in the United States have replaced lead in their television

³⁰ See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

³¹ CR & PR at III-1. In this investigation, no party argues for exclusion of either producer from the domestic industry. Although CPC purchased subject imports during the period considered (CR & PR at Table III-5), we find that appropriate circumstances do not exist to exclude that producer from the domestic industry. Even if CPC were deemed "related" by virtue of its purchases, the ratio of purchases of subject merchandise to CPC's total production was relatively ***. Additionally, CPC reports that the subject merchandise it purchased was not sold commercially ***. CR at III-5, III-5, n.5; PR at III-3, III-3, n.5; Conference Transcript (Mauldin) at 49.

³² Subject imports from China were above the statute's negligibility threshold, 19 U.S.C. § 1677(24)(A)(i)(I), during the relevant time period. CR & PR at Table IV-2.

³³ CR at I-6, PR at I-4.

³⁴ CR & PR at II-1.

³⁵ The domestic producer's 2001 shipments of granular barium carbonate were used in glass production. Shipments of the powdered form were used in brick and tile production (*** percent of total domestic shipments of the powdered form), glass production (*** percent), and production of other products (*** percent). CR & PR at Table III-4. In 2001, approximately *** percent of U.S. importers' shipments of the subject imports from China were of the powdered form, used in brick and tile production (*** percent of total subject import shipments of the powdered form), in glass production (*** percent), and in the production of other products (*** percent). The other *** percent of 2001 shipments of the subject imports were of the granular form, used in glass production (*** percent of total subject granular imports) and in the production of other products (*** percent). CR & PR at Table IV-3. *** percent of nonsubject imports in 2001 were of the granular form; *** of the nonsubject imports were used in the production of glass. Id.

³⁶ CR & PR at Table C-1.

³⁷ CPC Posthearing Brief at 6-7.

glass with increased quantities of barium carbonate.³⁸ Two brick and tile producers report no change in demand for their products. Two glass producers report that demand for television glass has declined since 1999. Three importers assert that demand for barium carbonate in the United States has declined. One importer notes that demand for barium carbonate has declined as television sales have declined generally and as demand for liquid crystal display (LCD) products, which do not use barium carbonate, has increased.³⁹ *** asserts that demand for televisions, and thus for barium carbonate used in production of television glass, was stable in 1999 and 2000, and then declined in 2001 and the first half of 2002.⁴⁰

There were two domestic producers of barium carbonate during the period of investigation, CPC and Osram, with CPC being by far the larger producer.⁴¹ Domestic supply was supplemented over the period considered by imports of barium carbonate, primarily from China, Mexico, and Germany.⁴² Mexico had been the principal source of import supply through 2001, but in interim 2002 the producer in Mexico, Cia. Minera La Valenciana, S.A. ("CMV"), ceased production of barium carbonate, and under an agreement with the Chinese producer, Red Star, and a U.S. importer of the subject merchandise, BassTech, now receives a commission on sales of subject merchandise made by BassTech and Red Star to CMV's former U.S. customers.⁴³ This arrangement was followed by a significant decrease in imports from Mexico and a surge in subject imports from China.⁴⁴ Specifically, imports from Mexico declined from 5,886 short tons in interim 2001 to 2,060 short tons in interim 2002, while subject imports from China increased from 2,684 short tons in interim 2001 to 6,897 short tons in interim 2002.⁴⁵ From 1999 to 2001, nonsubject imports accounted for more than 75 percent of total barium carbonate imports and subject imports from China accounted for less than 25 percent of total imports. However, in the interim 2002 period, subject imports from China alone accounted for 72 percent of total imports.^{46 47}

There is a moderate degree of substitution between the domestic barium carbonate and subject imports, with substitution higher with respect to the granular form.⁴⁸ The record in this preliminary

³⁸ CR at II-3, PR at II-2.

³⁹ CR at II-3, II-4, PR at II-2 - II-3.

⁴⁰ CR at II-3, PR at II-2. *** states that television assemblers and producers of video glass have moved from the United States to lower-cost sites in Mexico and Southeast Asia. CR at II-4, PR at II-3.

⁴¹ CR & PR at III-1. CPC accounts for *** percent of domestic production and Osram accounts for *** percent. Osram, which produces *** the petition.

⁴² CR & PR at Table IV-2.

⁴³ Conference Transcript (Gutmann) at 74; BassTech and Red Star Postconference Brief at 15; Seaforth Postconference Brief at 5; see also CR at II-9; Id. at II-9, nn.17, 18. ***. Id. at n. 18.

⁴⁴ CR & PR at Table IV-2, see also BassTech and Red Star Postconference Brief at 13; Seaforth Postconference Brief at 5.

⁴⁵ CR & PR at Table IV-2.

⁴⁶ CR & PR at Table IV-2.

⁴⁷ We note that qualification requirements have not prevented the substitution of subject imports from China for previous imports from Mexico.

⁴⁸ CR & PR at II-5. Some granular barium carbonate is produced in China using a mechanical, compacting process rather than a thermal process. The lower density of the compacted grade limits its use to lower-end (i.e., not television glass) applications. CR at I-10, n. 38. Otherwise, there is no indication that the actual quality of barium carbonate from China is inferior to the domestic like product (as respondents argue). Indeed, CPC's purchases of

(continued...)

investigation contains conflicting information concerning the extent to which individual glass producer qualification requirements act as a barrier to subject imports. However, on balance, the record indicates that any such barriers are not particularly high or difficult to surmount.⁴⁹

Approximately *** percent of sales of the domestic like product in the United States were on a contract basis and *** percent on a spot basis. CPC reports that contracts are ***. CPC states that its contracts ***.⁵⁰

VI. REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF ALLEGEDLY LESS THAN FAIR VALUE IMPORTS⁵¹

Sections 733(a) and 771(7)(F)(ii) of the Act direct the Commission to determine whether there is a reasonable indication that 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.”⁵² 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 imports would occur unless an order is issued.⁵³ In making our determination, we have considered all statutory factors that are relevant to these investigations, including the rate of the increase in the volume and market penetration of subject imports, unused production capacity in China, inventories of subject merchandise, prices at which

⁴⁸ (...continued)

subject merchandise during the period of investigation is indicative of the comparable quality of the Chinese product.

⁴⁹ CR at II-6 (***), (Memorandum INV-Z-189 (***), CPC Postconference Brief at 32, id. at Exhibit 3 (affidavit stating that ***), id. at Exhibit 4 (affidavit stating that ***).

Moreover, the Chinese merchandise has increasingly been qualified by U.S. purchasers, including by ***, and by ***. CR at II-6; id., n.13; ***. Barium carbonate from China also has been qualified for use by television glass producers in third countries that are related to television glass producers in the United States, indicating a likelihood that the U.S. operations of these firms also would find the Chinese product to be acceptable for use. See Conference Transcript at 72, 76-77.

In the brick and tile markets, in which the powdered product is used, qualification does not appear to be a limitation on the sale of the subject imports, although certain brick and tile producers, particularly those located nearer to CPC’s facility in Cartersville, Georgia, have a preference for, and have put in place equipment to accommodate, CPC’s air-dried powdered product, a fact that may limit the extent to which the Chinese merchandise can compete head-to-head with the U.S. powdered product. CR at II-5, CPC Postconference Brief at 32, BassTech and Red Star Postconference Brief at 21. In any final phase investigation, we will seek additional information on the extent to which subject imports of the powdered product, which have accounted for a large share of total imports from China, threaten to displace CPC’s air-dried Micro-Flo™ product in and brick and tile production.

⁵⁰ CR at V-3 (CPC states it has lowered its prices in some instances ***; see also CPC Postconference Brief at Exhibit 9, and Memorandum INV-X-189 (notes of phone conversation with ***)).

⁵¹ Commissioner Bragg notes that CPC’s purchases of subject merchandise were equivalent to *** percent of total subject imports in 1999, *** percent in 2000, *** percent in 2001, and *** percent in interim 2002 compared to *** percent in interim 2001. CR & PR at Tables III-6 and IV-2.

In light of the trend and relative volume of purchases of subject merchandise by CPC over the period of investigation, Commission Bragg finds that the domestic industry cannot be said to have experienced present material injury by reason of subject imports.

⁵² 19 U.S.C. §§ 1673b(a) and 1677(7)(F)(ii).

⁵³ 19 U.S.C. § 1677(7)(F)(ii).

subject imports are likely to enter, and the likely effect of subject imports on domestic producers prices and performance and on demand for further subject imports. For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry is threatened with material injury by reason of the subject imports.⁵⁴

The volume and market penetration of the subject imports rapidly increased at the end of the period examined, indicating the likelihood of substantially increased imports in the imminent future. After decreasing from 5,948 short tons in 1999 to 5,028 short tons in 2001, subject imports increased in interim 2002 to 6,897 short tons compared with 2,684 short tons in interim 2001, an interim period increase of 157 percent.⁵⁵ When measured as a percentage of total U.S. consumption, the subject imports followed a similar trend. The share of the market held by subject imports, after declining from *** percent in 1999 to *** percent in 2001, increased to *** percent in interim 2002, compared with a share of *** percent in interim 2001.⁵⁶ We recognize that the U.S. industry's market share increased during this same period, from *** percent in 1999 to *** percent in 2001, and was higher in interim 2002 (***) than in interim 2001 (***) percent).⁵⁷ ⁵⁸ We also note that subject imports gained market share from nonsubject imports rather than from the domestic industry. However, as discussed below, we find that this recent significantly increased presence of allegedly unfairly traded and lower-priced subject imports is likely to have significant adverse effects on the domestic industry in the imminent future.⁵⁹

The subject producers in China have significant production capacity, and have increased capacity in each full year of the period examined and in the interim period. Specifically, Chinese producers increased capacity from *** short tons in 1999 to *** short tons in 2000, and to *** short tons in 2001. Capacity further increased in interim 2002 to *** short tons, compared with *** short tons in interim 2001.⁶⁰ *** provided a projection of production capacity for full year 2002 and full year 2003. ***

⁵⁴ 19 U.S.C. § 1677(7)(F)(i). Factor VII is inapplicable in these investigations because it does not involve imports of a raw agricultural product.

⁵⁵ CR & PR at Tables IV-2, C-1. U.S. imports in these tables are from Commerce Department import statistics. For purposes of this investigation, in which the relevant HTSUS category includes only barium carbonate, we view official Commerce statistics to be more reliable than import data provided in response to the Commission's questionnaires. Nonetheless, our conclusions in these Views would not differ if we relied on import data from the questionnaire responses, which show the same trends. See CR & PR at Table C-2 (containing import data reported in questionnaire responses).

⁵⁶ CR & PR at Table C-1.

⁵⁷ CR & PR at Table IV-5.

⁵⁸ At least some portion of the interim increase in domestic market share is due to the fact that *** turned to domestic supply after imports from Mexico exited the U.S. market, ***. See Memorandum INV-Z-189 at 2.

⁵⁹ As discussed above, CPC purchased subject imports during ***. See CR & PR at Table III-6 and related party discussion, *supra*. Respondents do not argue, and we do not find, that these past purchases affect the extent to which the interim and future levels of subject imports threaten material injury to the domestic industry. Moreover, we note that those subject imports not purchased by CPC increased over the period examined, rising from *** short tons in 1999 to *** short tons in 2001; they were *** short tons in interim 2002 compared with *** short tons in interim 2001. CR & PR at Tables III-6, IV-2. The market share of imports other than those purchased by CPC rose from *** percent in 1999 to *** percent in 2001; and to *** percent in interim 2002 compared with *** percent in interim 2001. CR & PR at Tables III-6, IV-5, C-1.

⁶⁰ CR & PR at Table VII-1.

projects annual capacity ***.⁶¹ Thus, the quantity by which Red Star projects its capacity *** in 2002 and 2003 *** its reported capacity for 2001 is equivalent to *** percent of total U.S. imports from China in 2001.⁶² Moreover, overall annual capacity in 2002 and 2003 in China will be ***.⁶³ The two Chinese producers that provided data indicate that ***.⁶⁴ Hebei Xinji's production *** during the period examined, and Red Star's production ***.⁶⁵ Given that Red Star's production ***.⁶⁶ Thus we do not view reported capacity information or *** as defining full practical production capacity or likely excess capacity in China. Accordingly, coupled with our finding that the Chinese industry has demonstrated over the period an ability to add capacity and has recently added capacity, we cannot conclude that the Chinese producers will discontinue their current practice of producing quantities ***.⁶⁷

There were significant inventories of the subject merchandise in China and in the United States at the end of the interim 2002 period.⁶⁸ Moreover, *** firms, ***, have separately imported or arranged for the importation of a total of *** short tons of barium carbonate from China for delivery in 2002 after

⁶¹ CR & PR at Table VII-1. See also Id. at Table IV-5 (projected annual capacity in 2002 and 2003 for *** total U.S. consumption in 2001).

⁶² CR & PR at Table IV-2 (subject imports in 2001 of 5,028 short tons).

⁶³ CR & PR at Table VII-1 (total domestic consumption of *** short tons in 2001).

⁶⁴ In light of the Chinese producers' ***, we intend in any final phase investigation to look further at the basis for reported capacity information and will seek to identify the practical production limits for the subject producers.

⁶⁵ CR & PR at Table VII-1. Hebei Xinji reported capacity utilization of *** percent in 1999, *** percent in 2000, *** percent in 2001, *** percent in interim 2001, and *** percent in interim 2002. Red Star reported capacity utilization of *** percent in 1999, *** percent in 2000, *** percent in 2001, *** percent in interim 2001, and *** percent in interim 2002. The two producers' combined capacity utilization ratio was *** percent in 1999, *** percent in 2000, *** percent in 2001, *** percent in interim 2001, and *** percent in interim 2002. Id.

⁶⁶ Id. It reported capacity of *** short tons (***) of its projected total capacity of *** short tons for full year 2002) for the interim, first six months of 2002, and produced *** percent of that capacity in that period. CR & PR at Table VII-1.

⁶⁷ We also note that export markets accounted for approximately *** percent or more of shipments by the subject producers combined in each full year of the period considered and in the interim period. The subject producers forecast that their dependence on total export markets will *** to *** percent in full year 2002 and 2003. CR & PR at Table VII-2.

⁶⁸ 19 U.S.C. § 1677(7)(F)(i)(V). Subject producers' ending inventories were *** short tons at the end of interim 2002 (***) percent of production), compared with ending inventories of *** short tons at the end of interim 2001 (***) percent of production). CR & PR at Table VII-2. U.S. importers' inventories of subject imports at the end of the 2002 interim period totaled *** short tons (***) percent of subject imports), compared with *** short tons in interim 2001 (***) percent of subject imports). CR & PR at Table VII-3. That *** percent of the volume of subject imports in the first six months of 2002 remained in importers' inventories at the end of June 2002 (CR & PR at Tables IV-2 & VII-3) indicates that a significant part of the increased volume of subject imports in 2002 had not yet entered the end user market at the end of June 2002 and, thus, the impact of those imports upon the domestic industry is yet to be fully felt. See also CR at VII-5, PR at VII-2 (BassTech, the importer accounting for *** of inventories of subject merchandise held in inventory in the United States at the end of interim 2002, stating that the merchandise is already committed to customers and, therefore, will enter the U.S. end user market).

the interim 2002 period.⁶⁹ Thus, the record indicates a likelihood of substantially increased imports of the subject merchandise into the United States.⁷⁰

We also find that subject imports 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. Domestically produced and imported barium carbonate are at least moderately interchangeable, and price is a significant factor in purchasing decisions.⁷¹ The record indicates that the subject imports in granular form (product 1) undersold the domestic product in 13 of the 14 comparisons, with margins ranging from *** percent to *** percent and averaging *** percent.⁷² The second-highest margin of underselling, *** percent, occurred in the second quarter of 2002, when the volume of subject imports for which data were reported rose dramatically.⁷³ In the one comparison in which the Chinese merchandise did not undersell the domestic product, the Chinese product was priced *** percent above the U.S. product.⁷⁴ Subject imports at the end of the period were increasingly of granular product, which competes most directly with the domestic like product.⁷⁵ The record also indicates that the subject imports in powdered form (product 2) undersold the domestic product in 14 of the 14 comparisons, with margins ranging from *** percent to *** percent and averaging *** percent.⁷⁶ Some of the differences in prices between domestic and subject powdered barium carbonate may be attributable to differences between the domestic producer's Micro-Flo™ product and the Chinese powdered product, a factor we will consider further in any final phase investigation.⁷⁷ However, for the purpose of our preliminary determination we find that the current levels of underselling would likely continue or worsen in the imminent future, as Chinese imports increase their presence in the U.S. market. Prices of both the domestic and the Chinese granular form of the product (product 1) declined over the 14-quarter period examined. Prices for the domestic granular product declined *** percent between and first and final quarters, and prices of the Chinese product declined *** percent.⁷⁸ Prices of the domestic powdered product, which includes the specialized Micro-Flo™ product discussed previously, were *** percent

⁶⁹ CR at IV-8, nn.10, 11, and 12; PR at IV-6, nn.10, 11, and 12.

⁷⁰ As discussed above, the record does not indicate significant barriers to increased imports. See note 49, *supra*. We also note that India has imposed antidumping duties on imports of barium carbonate from China. CR at VII-5, PR at VII-2.

⁷¹ CR at II-5 & PR at II-3. As noted previously, see note 49 *supra*, while qualification requirements may limit interchangeability until it is obtained, the record indicates that qualification is not particularly lengthy or difficult. However, we note that, for the powdered form, the differences between the Chinese merchandise and CPC's Micro-Flo™ product may limit the degree to which the products are interchangeable.

⁷² CR at V-9 & Table V-1; PR at V-4 & Table V-1.

⁷³ CR & PR at Tables IV-2, V-1.

⁷⁴ *Id.*

⁷⁵ CR & PR at Tables IV-3, V-1, V-2.

⁷⁶ *Id.*

⁷⁷ CR at V-9 & Table V-1; PR at V-4 and Table V-1. Apart from its particular flow characteristics, the air-dried Micro-Flo™ product requires the lease of specialized feeding equipment and is accompanied by technical support from CPC. CR at V-9 - V-10; PR at V-4. However, the magnitude of the margins of underselling for the powdered product provides a reasonable indication that subject imports could capture additional market share through increased sales of powdered barium carbonate beyond the western United States. The likelihood and impact of switching by end users from use of the Micro-Flo™ product to use of subject imports remains an issue for any final phase investigation.

⁷⁸ CR at V-9, PR at V-5.

higher in the final quarter of the period than they were in the first quarter of the period, while prices of the Chinese product increased by *** percent over the 14-quarter period.⁷⁹

While there is mixed evidence of price depression, we note that the declining prices for the granular product, which accounts for more than *** of the domestic industry's shipments,⁸⁰ indicate that subject imports are likely to have a significant adverse effect upon the domestic industry's prices. We note in particular the decline in subject import prices in the final quarter of the period, when the sales of the Chinese merchandise rose to a volume much greater than that in any other single quarter.⁸¹ There is also some evidence of price suppression as the industry's ratio of cost of goods sold (COGS) to net sales value rose over the period examined.⁸² Moreover, even when the Chinese product does not displace the domestic producer in a particular sale, price quotations in the market for the Chinese product have resulted in the domestic producers reducing prices to obtain or retain sales volume.⁸³

The volume of importers' inventories of subject merchandise at the end of June 2002 was equivalent to *** percent of subject imports, and *** percent of U.S. shipments of subject imports in the first six months of 2002, indicating that the full impact upon domestic producers' prices of the increased volume of subject imports at the end of the period examined has yet to occur.⁸⁴ These inventory volumes, together with the likely increasing volume of subject imports and declining prices, support the conclusion that increased imports are likely to suppress or depress future prices to a significant degree.

The record indicates that the likely increased volume of subject imports and the likely adverse price effects will likely adversely impact the domestic industry's condition, including revenues and profitability.

The industry's operating income declined from \$*** in 1999 to \$*** in 2000 and to \$*** in 2001. Operating income increased *** in interim 2002 to \$*** compared with \$*** in interim 2001, but, annualized, remained *** below the level in any of the full years of the period considered. Operating income as a percentage of net sales declined from *** percent in 1999 to *** percent in 2000 and to ***

⁷⁹ CR at V-9, PR at V-4.

⁸⁰ CR & PR at Table III-4.

⁸¹ CR & PR at Table V-1 (sales of *** short tons of the subject imports are reported in the price comparisons for the final quarter for which data was obtained (April-June 2002); prior to that quarter, the highest single-quarter quantity during the period considered was *** short tons, in the fourth quarter of 1999).

⁸² CR & PR at Table VI-1. COGS as a percent of net sales was *** percent in 1999, *** percent in 2000, and *** percent in 2001. Although the ratio was lower in interim 2002 (*** percent) than in interim 2001 (*** percent), the interim 2002 level was above that of any full year of the period considered.

COGS as a percent of net sales of the granular product (for which competition with subject imports is most pronounced) increased over the period examined, from *** percent in 1999 to *** percent in 2000 and *** percent in 2001. It was *** percent in interim 2002 compared with *** percent in interim 2001. CR & PR at Table C-3. For the powdered form of the product, COGS as a percent of net sales increased from *** percent in 1999 to *** percent in 2000, then declined, albeit to a level above that of 1999, to *** percent in 2001; it was *** percent in interim 2002 compared with *** in interim 2001. CR & PR at Table C-4.

⁸³ E.g. ***; CR at V-13 - V-14, PR at V-5 (purchaser ***); CR at V-14, PR at V-5 (***); CR at V-15, PR at V-5 (***); see also CPC Postconference Brief at Exhibit 9. The record thus demonstrates that, even prior to qualification, subject imports have had a negative effect on prices.

⁸⁴ CR & PR at Table VII-3. Importers' inventories in interim 2001 were *** percent of subject imports and *** percent of U.S. shipments of subject imports. Id. See also note 68, *supra*.

percent in 2001. Although operating income as a percent of net sales increased to *** percent in interim 2002, compared with *** percent in interim 2001, the interim 2002 operating income ratio, like operating income in absolute terms, is below the ratio for each of the full years considered.⁸⁵

The operating income trend was *** for the industry's granular operations, for which competition with subject imports is most pronounced. Operating income for the granular operations declined from \$*** in 1999 to \$*** in 2000 and to *** in 2001. Operating income for the granular operations declined in interim 2002 to *** compared with *** in interim 2001. Operating income as a percentage of net sales of the granular form of the product declined from *** percent in 1999 to *** percent in 2000 and to *** percent in 2001, and declined further in the interim 2002 period to *** percent compared with *** percent in interim 2001.⁸⁶

Other performance indicators demonstrate the likely adverse impact of increasing subject import volumes and adverse price effects. Capacity utilization declined from *** percent in 1999 to *** percent in 2001, then declined further in interim 2002 to *** percent, compared with *** percent in interim 2001.⁸⁷ The domestic industry reports suffering a substantial loss of efficiency and increased costs if high levels of capacity utilization are not maintained because production kilns in barium carbonate facilities are designed to operate near maximum capacity.⁸⁸ Thus, declining levels of capacity utilization, particularly in the interim period, support the view that expected volumes of low-priced subject imports will have an adverse impact upon the domestic industry in the imminent future. The domestic industry's sales, after increasing from *** short tons in 1999 to *** short tons in 2000, declined to *** short tons in 2001, and declined in the interim 2002 period to *** short tons, compared with *** short tons in interim 2001.⁸⁹ Capital expenditures by the domestic producers, after increasing from \$*** in 1999 to \$*** in 2000, declined to \$*** in 2001, and declined further in the interim period to \$***, compared with expenditures of \$*** in interim 2001.⁹⁰ The domestic industry's productivity increased in 2001 compared with 1999, but then declined in the interim period comparisons.⁹¹

Thus, on the basis of the record in this preliminary investigation, we find that, in light of the current weakened state of the domestic industry, particularly with respect to the granular form of the product in which the competition from the subject imports is most apparent, the likely increasing volume and suppressing and depressing price effects of subject imports will adversely impact the domestic industry.⁹²

⁸⁵ CR & PR at Table C-1.

⁸⁶ CR & PR at Table C-3.

⁸⁷ CR & PR at Table III-2. The industry's capacity increased from *** short tons in 1999 to *** short tons in 2000 and 2001, and remained flat at *** short tons in the 2001 and 2002 interim periods. The industry's production increased from *** short tons in 1999 to *** short tons in 2000, then declined in 2001 to *** short tons in 2001 and declined further in interim 2002 to *** short tons compared with *** short tons in interim 2001. Id.

⁸⁸ CR at III-2, PR at III-2.

⁸⁹ CR & PR at Table IV-1.

⁹⁰ CR & PR at Table VI-5.

⁹¹ CR & PR at Table C-1.

⁹² As discussed earlier, see note 77, supra, we also find a reasonable indication that powdered subject imports pose a threat to the domestic industry.

CONCLUSION

For the reasons stated above, we determine that there is a reasonable indication that the domestic industry producing barium carbonate is threatened with material injury by reason of subject imports of barium carbonate that are allegedly sold in the United States at less than fair value.

PART I: INTRODUCTION

BACKGROUND

This investigation was instituted in response to a petition filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) on September 30, 2002, by Chemical Products Corp. (CPC), Cartersville, GA. The petition alleges that an industry in the United States is materially injured, and threatened with material injury, by reason of imports from China of barium carbonate¹ that are alleged to be sold in the United States at less than fair value (LTFV). Information relating to the background of this investigation is presented in table I-1.

Table I-1
Barium carbonate: Chronology of investigation No. 731-TA-1020 (Preliminary)

Date	Action
September 30, 2002	Petition filed with Commerce and the Commission
September 30, 2002	Commission institutes investigation No. 731-TA-1020 (Preliminary)
October 4, 2002	Commission publishes its notice of institution in the <i>Federal Register</i> ¹
October 22, 2002	Commission's conference ²
October 25, 2002	Commerce publishes its notice of initiation in the <i>Federal Register</i> ³
November 14, 2002	Commission's vote
November 14, 2002	Commission's determination transmitted to Commerce
November 21, 2002	Commission's views transmitted to Commerce
¹ 67 FR 62263, October 4, 2002, presented in app. A. ² A list of witnesses appearing at the conference is presented in app. B. ³ 67 FR 65534, October 25, 2002, presented in app. A.	
Source: Various <i>Federal Register</i> notices.	

PREVIOUS INVESTIGATIONS

On September 9, 1980, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured or threatened with material injury by reason of dumped imports of barium carbonate and strontium carbonate from the Federal Republic of Germany.²

¹ The merchandise covered by this investigation is barium carbonate (BaCO₃), regardless of form or grade, and is covered by subheading 2836.60.00 of the Harmonized Tariff Schedule of the United States (HTS).

² See, 45 FR 63388, September 24, 1980. The petition was filed by CPC, FMC Corp., and Sherwin-Williams Co. On November 6, 1980, the Commission published its affirmative preliminary determination with respect to imports of barium carbonate and a negative preliminary determination with respect to strontium carbonate (45 FR 73812, November 6, 1980).

On June 4, 1981, the Commission made an affirmative final determination,³ and Commerce subsequently issued an antidumping duty order.⁴ In November 1998, as part of a five-year review investigation, Commerce revoked the antidumping duty order effective January 1, 2000.⁵

On October 25, 1983, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured or threatened with material injury by reason of dumped imports of barium chloride and barium carbonate (precipitated) from China.⁶ The Commission made an affirmative preliminary determination regarding both products;⁷ however, Commerce made a negative final dumping determination regarding imports of barium carbonate prior to a final Commission determination. The Commission recently completed a five-year review regarding imports of barium chloride from China and continued the order on that product.⁸

ORGANIZATION OF THE REPORT

Information on the subject merchandise, alleged dumping margins, and the domestic like product are presented in Part I. Information on conditions of competition and other economic factors are presented in Part II. Information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment, are presented in Part III. Information on the volume of imports of the subject merchandise is presented in Part IV. Part V presents data on prices in the U.S. market. Part VI presents information on the financial experience of U.S. producers. Information on the subject country foreign producers and U.S. importers' inventories is presented in Part VII.

SUMMARY OF DATA PRESENTED IN THE REPORT

A summary of data collected in the investigation is presented in appendix C. U.S. industry data on barium carbonate are based on the questionnaire responses of two firms accounting for all known U.S. production from January 1999 to June 2002. U.S. import data are based on official statistics and U.S. importer inventory data are based on the questionnaire responses of three firms accounting for *** U.S. imports of barium carbonate from China during this period.^{9 10} Data on the foreign producers in China are based on the questionnaire responses of two firms believed to account for approximately *** percent

³ See, *Precipitated Barium Carbonate From The Federal Republic of Germany*, Investigation No. 731-TA-31 (Final), USITC Pub. 1154, June 1981.

⁴ See, 46 FR 32864, June 25, 1981.

⁵ See, 63 FR 64677, November 23, 1998.

⁶ The petition was filed by CPC.

⁷ See, *Barium Chloride and Barium Carbonate (Precipitated) From The People's Republic of China*, Investigations Nos. 731-TA-149 and 150 (Preliminary), USITC Pub. 1458, December 1983.

⁸ See, *Barium Chloride From China*, Investigation No. 731-TA-149 (Review), USITC Pub. 3163, March 1999.

⁹ Based on a comparison of official statistics of Commerce and responses of importers to questionnaires of the Commission.

¹⁰ According to official statistics of Commerce, there were 22 short tons of barium carbonate imported from Hong Kong in 2001 and 40 short tons in interim 2002. ***. Since there are no known producers of barium carbonate in Hong Kong, all such imports are believed to be of Chinese origin. See, testimony of C. Ballard Mauldin, President, CPC, conference transcript, pp. 66-67, and testimony of Ben Gutmann, President, BassTech, conference transcript, p. 124.

of production of the subject merchandise in China; these firms are believed to account for *** exports of the subject merchandise to the United States during this same period.

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On October 25, 2002, Commerce published its notice of initiation in the *Federal Register*. Based upon a comparison of export price to adjusted normal value, the revised estimated dumping margins at initiation range from 214.17 to 308.18 percent *ad valorem*. The period of review for Commerce's dumping investigation is January 1, 2002 through June 30, 2002.¹¹

THE SUBJECT PRODUCT

Scope

The imported product subject to this investigation is defined by Commerce as—

*barium carbonate regardless of form or grade, and is covered by subheading 2836.60.00 of the HTS. Although the HTS subheading is provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.*¹²

U.S. Tariff Treatment

Table I-2 presents current tariff rates for barium carbonate.

Table I-2
Barium carbonate: Tariff rates, 2002

HTS subheading	Article description ¹	General ²	Special ³	Column 2 ⁴
		Rates (percent ad valorem)		
2836.60.00	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate: Barium carbonate	2.3	Free	8.4
<p>¹ An abridged description is provided for convenience; however, an unabridged description may be obtained from the respective headings, subheadings, and legal notes of the HTS.</p> <p>² Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to imports from China.</p> <p>³ For eligible goods under the Generalized System of Preferences, African Growth and Opportunity Act, Caribbean Basin Economic Recovery Act and Trade Partnership Act, Israel Free Trade Agreement, Jordan Free Trade Agreement, and NAFTA-originating goods of Canada and Mexico.</p> <p>⁴ Applies to imports from a small number of countries that do not enjoy normal or preferential trade relations duty status.</p> <p>Source: Harmonized Tariff Schedule of the United States (2002).</p>				

¹¹ See, 67 FR 65534, October 25, 2002.

¹² Ibid.

Physical Characteristics and Uses

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

The powdered and granular forms of barium carbonate, which typically contain at least 98 percent barium carbonate, have essentially the same chemical composition and similar physical properties but differ principally in their particle size. Granular barium carbonate consists of relatively large particles of barium carbonate, with average particle size in excess of 105 microns (+140 US mesh).¹³ Granular barium carbonate is produced by calcining or mechanically pressing smaller barium carbonate particles into larger particles. Powdered barium carbonate consists of small, discrete particles with an average particle size of 3-5 microns or less. The very small particle size means that the surface area of individual particles is maximized, which is useful in many applications requiring high reactivity or dispersability. In contrast, granular barium carbonate cannot generally be used in applications which require a high reactivity.¹⁴

High-purity barium carbonate, which typically has a barium content in excess of 99.5 percent, contains a smaller percentage of impurities than the commercial forms described above. High-purity barium carbonate, which is not produced by CPC, is used in the production of ***.¹⁵ ***.¹⁶

Barium carbonate is used principally in the production of specialty glass and bricks and tiles. Its largest single application is in the manufacture of glass for cathode ray tubes used in television sets. Barium carbonate is also used in other glass-related applications, including reflective glass beads and certain monitors.

Barium carbonate is used in the manufacture of high-quality glass for a number of reasons: (1) it serves as a flux in glass manufacture; (2) barium (in the form of barium oxide) becomes part of the glass structure where it imparts useful properties to the glass including increased durability, density, and brilliance; and (3) barium carbonate is used in television sets and other cathode ray tubes largely because of its ability to absorb x-rays, allowing it to be used as an x-ray screening agent.

Although both granular and powdered barium carbonate are used in glass applications, in most TV glass applications the granular form is required because the equipment used to convey barium carbonate (which relies on jets of air) requires a highly free-flowing material that must fall from silos or storage bins that contain the barium carbonate that is to be dispersed in the glass.¹⁷ However, these distinctions are not absolute. For example, CPC manufactures a grade of spray-dried powdered product that is also used in television glass production.¹⁸ In general, without special modifications, granular

¹³ A micron is a millionth of a meter.

¹⁴ Submission of *** to Commission staff, November 1, 2002.

¹⁵ Ibid.

¹⁶ Submission of *** to Commission staff, October 30, 2002.

¹⁷ See, testimony of C. Ballard Mauldin, President, CPC, conference transcript, p. 21.

¹⁸ See, petition, p. 8.

barium carbonate flows much more freely than the powdered form.¹⁹ The amount of barium carbonate that is to be used in face plates for TV cathode ray tubes is far from negligible. For example, a face plate of glass for a TV set contains about eight pounds of barium per 100 pounds of glass.²⁰

The second subsegment of the glass sector uses barium carbonate to make decorative and specialty glass that requires good formability and a high refractive index, which enables the glass to reflect light more brilliantly. This type of application makes barium carbonate particularly useful as reflective glass for road signs and license plates and to mark roads and runways. In these applications, it is important that the surfaces of these structures reflect light brilliantly from oncoming headlights at night.²¹ Barium carbonate is also used in specialty glass items such as laboratory glass and specialty glass bottles because of its ability to enhance the formability of the glass.²² In glass applications other than for cathode ray tubes in TVs, both granular and powdered forms of barium carbonate are used and, according to CPC, for many processes in this market segment they are interchangeable.²³

Barium carbonate is also used in the manufacture of bricks, tiles, and other clay products where it reacts with soluble sulfates, thereby preventing the forming of unsightly white deposits known as scum on the surface, which is caused when the soluble sulfates are allowed to migrate to the surface. In addition, barium carbonate is used in the production of other barium chemicals and in the manufacture of hard ferrite magnets used in DC motors, TV tubes, speakers, and telephones.

According to CPC, it manufactures both granular and powdered barium carbonate in the same facilities using the same equipment and production workers. The production process is also the same except for the final step (i.e., drying). In practice, however, end users rarely can switch between these grades given the constraints of their production facilities.²⁴

According to CPC, barium carbonate produced in China is interchangeable with the domestic product for most applications including the largest market, glass, which accounts for about 75 percent of domestic consumption of barium carbonate, and in particular TV glass, the largest sector within the glass market.²⁵ Although barium carbonate produced in China is used for television glass by a U.S. manufacturer, Techneglas, it is the only U.S. television glass producer to have qualified the material.²⁶

Respondents have stressed that the qualification process is long and arduous in light of the fact that unsatisfactory barium carbonate can result in loss of production.²⁷ Technically, the chief concerns relate to the strength of the barium carbonate material which, were it unsatisfactory, would disintegrate,

¹⁹ See, testimony of C. Ballard Mauldin, President, CPC, conference transcript, p. 21.

²⁰ Ibid., pp. 22, 64.

²¹ Ibid., p. 24.

²² Ibid., p. 25.

²³ Ibid., p. 62.

²⁴ See, CPC's postconference brief, p. 4.

²⁵ See, petition, p. 23.

²⁶ See, testimony of Alan Chalup, Vice President, BassTech, conference transcript, pp. 81-82, 92.

²⁷ Ibid., pp. 91-93. ***.

thereby clogging the handling system.²⁸ Another concern is the presence of trace impurities which cannot be removed by leaching. Were these not removed, an undesirable color could be imparted on the television screen.²⁹

A sector where the barium carbonates produced by CPC and in China are generally not as exchangeable is barium carbonate produced for the structural clay or brick and tile market, which accounts for about 20 percent of domestic consumption. In that sector, direct competition between CPC and Chinese producers of barium carbonate is less frequent because CPC produces a special Micro-Flo™ grade, a modified form of the powder grade for which there is no direct equivalent in China.^{30 31} The Micro-Flo™ grade is a special grade designed for bricks and tiles because it is optimized with regard to flow characteristics for feeding into production lines and for the dispersability and reactivity of the barium carbonate with the soluble sulfates of the clay.³² However, Chinese producers of barium carbonate do sell to structural clay manufacturers who are located primarily in the Western United States, because according to an importer, these customers use different handling equipment that is not dependent on CPC's Micro-Flo™. According to this importer, these customers did not switch to Micro-Flo™ largely because of the high transportation costs that would be required to ship barium carbonate from CPC's facility in Cartersville, GA.³³

Manufacturing Process

Although barium carbonate can be extracted from the barium-carbonate containing mineral, witherite, in practice it has proven more economical to prepare commercial-grade barium carbonate synthetically using as a raw material barite ore, which contains natural barium sulfate.

²⁸ *Ibid.*, pp. 118-119.

²⁹ *Ibid.*, p. 119.

³⁰ *See*, petition, pp. 23-24.

³¹ Although the particles of the Micro-Flo™ grade are small (characteristic of a powder) and chemically it also reacts like a powder, it flows readily (characteristic of a granular product). This is achieved through processing which includes spray drying. The resulting Micro-Flo™ grade product is a loose agglomerate of extremely fine barium carbonate particles that is designed to disintegrate upon contact with water, allowing the tiny barium carbonate particles to be dispersed in the clay where they react with soluble salts, preventing the forming of scum as noted above. In general, only powdered barium carbonate can be used in bricks and tile applications because of the high reactivity and surface area that is required and characteristic of powdered materials. Another feature of the Micro-Flo™ grade product that is characteristic of a powder is its bulk density (about 80 pounds per cubic foot). Typically, the bulk density of a granular product is about 125 pounds per cubic foot. E-mail from ***, October 28, 2002.

³² *See*, testimony of C. Ballard Mauldin, President, CPC, conference transcript, pp. 26-27.

³³ *See*, testimony of Alan Chalup, Vice President, BassTech, conference transcript, p. 83.

The steps used by CPC to produce commercial grade barium carbonate from barite ore are as follows.³⁴

- Barite ore (barium sulfate), which is highly insoluble, is reduced to barium sulfide, which is very soluble, in a reducing kiln using coke as a carbon source.
- Barium sulfide is dissolved in water and leached to remove impurities.
- The barium sulfide solution is reacted with carbon dioxide gas to produce, as a precipitate, barium carbonate.
- The barium carbonate precipitate is filtered to remove excess water and then dried.
- The dried barium carbonate is pulverized to produce powdered barium carbonate. To produce the granular grade, the dried barium carbonate undergoes an additional processing step, calcination.³⁵

According to CPC, the basic production process is common to both CPC and the Chinese producers; however, there are a few very significant differences.³⁶ Similarities include the raw material used in both countries, which is barite, and the fact that CPC and the barium carbonate producers in China produce both the powdered and granular forms of barium carbonate. According to CPC, differences between the domestic and the Chinese production process include the following:³⁷

- CPC uses coke as a carbon source in a gas-fired furnace; producers in China use steam coal as a carbon source and pulverized steam coal as the fuel input for the kiln.
- Producers in China use a grade of coal having a lower carbon content than the coke used by CPC.
- CPC purchases carbon dioxide gas directly; producers in China don't have access to reliable sources of carbon dioxide and must produce their own carbon dioxide by reacting limestone (calcium carbonate) and coal in a kiln.
- At CPC, calcining to produce the granular grade is accomplished using the same equipment as for drying because of the availability of natural gas; in China where natural gas is not readily available, producers need to use separate equipment for drying and calcining that is fueled by coal and kerosene, respectively.³⁸

According to CPC, because the Chinese barium carbonate producers lack key energy or chemical inputs as described above, the Chinese production process is far less efficient and more complicated than the production process employed by CPC, resulting in substantial cost disadvantages for the Chinese

³⁴ See, petition, pp. 5-7. In its questionnaire response, CPC indicated that ***. CPC's ***. Producer questionnaire response of CPC to questions II-3 and II-5, p. 4.

³⁵ Calcination is heating of a solid to a temperature which is below its melting point but which is sufficiently high to achieve the transformation desired, in this case, the transformation to a granular form.

³⁶ See, petition, pp. 5-7, and testimony of C. Ballard Mauldin, President, CPC, conference transcript, p. 18.

³⁷ Ibid.

³⁸ Some granular grade barium carbonate is produced by the Chinese using a mechanical rather than a thermal process and is therefore less expensive to produce. It is referred to as compacted granular barium carbonate. This granular grade does not, however, have the same high density as the calcined grade and its use is limited to lower-end applications (i.e., not TV glass). Staff conversation with ***, October 29, 2002.

producers.³⁹ In contrast, a representative of BassTech, which imports and markets barium carbonate produced by Qingdao Red Star Chemical Import & Export Co., Ltd. (Red Star), a Chinese producer, argues that the cost structure of CPC is higher than that of Red Star because CPC must either procure a much lower quality barite ore locally or it must import a higher quality barite ore from China.⁴⁰

DOMESTIC LIKE PRODUCT ISSUES⁴¹

In its 1981 final antidumping determination concerning imports of barium carbonate from West Germany, the Commission found the domestic like product to be “all precipitated barium carbonate.”⁴² In its 1983 preliminary antidumping determination concerning imports of barium carbonate from China, the Commission also found a single domestic like product consisting of “barium carbonate.”⁴³

In the current investigation, the Petitioner argues that there is a single domestic like product corresponding to the scope definition.⁴⁴ For purposes of the preliminary phase of the investigation, respondents do not dispute petitioners’ definition of the domestic like product.⁴⁵

³⁹ See, petition, pp. 5-7, and testimony of C. Ballard Mauldin, President, CPC, conference transcript, pp. 18-19.

⁴⁰ See, testimony of Alan Chalup, Vice President, BassTech, conference transcript, pp. 86-89.

⁴¹ The Commission’s decision regarding the appropriate domestic products that are “like” the subject imported products 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, where appropriate, (6) price.

⁴² See, *Precipitated Barium Carbonate From The Federal Republic of Germany*, Investigation No. 731-TA-31 (Final), USITC Pub. 1154, June 1981, p. 5. As noted earlier, all synthetically produced carbonate is “precipitated” in the production process.

⁴³ See, *Barium Chloride and Barium Carbonate (Precipitated) From The People’s Republic of China*, Investigations Nos. 731-TA-149 and 150 (Preliminary), USITC Pub. 1458, December 1983, p. 6.

⁴⁴ See, CPC’s postconference brief, pp. 3-5.

⁴⁵ See, testimony of Adams Lee, counsel to BassTech and Red Star, conference transcript, p. 70.

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

CHANNELS OF DISTRIBUTION AND MARKET CHARACTERISTICS

The U.S. market for barium carbonate is segmented by end use into two principal categories. Barium carbonate is used for glass production and for brick and tile production. The glass production segment is the larger of the two, accounting for approximately 75 percent of total consumption in the United States.¹ In this market segment, barium carbonate is used to produce television cathode ray tubes, light-reflecting glass beads, and computer monitors, with television cathode ray tubes being the largest single end use for barium carbonate. The glass production segment of the barium carbonate market is relatively concentrated, with *** large customers accounting for virtually all barium carbonate purchased for this end use.²

The brick and tile segment of the market accounts for approximately 20 percent of the total barium carbonate industry. In the brick and tile market segment, barium carbonate is used as an agent to make the surface of brick clear.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Based on available information, U.S. producers have the ability to respond to changes in demand with moderate to large changes in the quantity of shipments of U.S.-produced barium carbonate to the U.S. market. The main factors examined in assessing this degree of responsiveness are unused capacity, the existence of alternate markets, and production alternatives.

Industry Capacity

Data provided by U.S. producers in their questionnaire responses indicate that capacity utilization rates were *** percent in 1999 and 2000 but fell to *** percent in 2001; interim data also indicate a decline in capacity utilization with the rate at *** percent in January-September 2001 and *** percent in the corresponding period of 2002. These data indicate that while the U.S. producers had little, if any, unused capacity in the earlier part of the period, there is some available capacity with which U.S. producers could increase production in response to price changes for barium carbonate.

¹ The brick and tile production segment accounts for approximately 20 percent of total U.S. consumption and other minor end uses account for the remaining 5 percent. *See*, petition, p. 23. *See also*, Parts III and IV of this report for shipment data for each market segment.

² CPC notes that competition with subject imports is concentrated in the glass segment of the market for barium carbonate and that this competition has intensified in recent years as Chinese producers have expanded their production of granular barium carbonate, which is the preferred grade for use in television production. CPC also notes that direct competition with subject imports is less frequent in the brick and tile segment as the U.S. producer offers a special grade that is not offered by the Chinese. *See*, petition, p. 23.

Inventory Levels

Data from the U.S. producers indicate that inventories of barium carbonate accounted for between *** and *** percent of total shipments during the period for which data were collected. These data indicate U.S. producers have ***.

Export Markets

Information from CPC's questionnaire response indicates that CPC exports barium carbonate to ***. CPC noted, however, that it exports *** and that these exports accounted for between *** percent of its total shipments of barium carbonate. This ***. Moreover, the degree to which CPC can divert shipments to and/or from these export markets would also depend on the demand for *** in the U.S. and these export markets.

Production Alternatives

In its questionnaire response, CPC indicates that it ***. Thus, the supply response of CPC is enhanced by its ability to switch production between barium carbonate and ***.

U.S. Demand

Based on available information, U.S. aggregate demand for barium carbonate is likely to respond little to changes in barium carbonate prices. The factors contributing to this low degree of price sensitivity are the lack of viable substitute products and the relatively low cost share of barium carbonate relative to the cost of the end products in which it is used.

Demand Characteristics

Barium carbonate is used in the production of glass products and brick and tile. According to questionnaire responses from producers and importers, barium carbonate is used to produce TV and CRT panel glass, scientific glassware, glass beads, bricks, and ceramic products such as glazed tiles. CPC noted in its questionnaire response that ***. CPC also explained that there has been a trend in the TV glass market to reduce and eliminate the amount of lead in glass because of environmental concerns. As a result, CPC stated that there has been a sustained increase in the consumption of barium carbonate. CPC noted that three of the four major glass producers in the United States have now totally converted to a higher barium, no lead, formula for paneled glass.³

On the other hand, three importers reported that the demand for barium carbonate in the United States has generally declined. One importer, ***, noted that U.S. demand has declined due to the increase in production of and demand for LCD (liquid crystal displays) products (which do not use barium carbonate); this importer also noted that TV sales have been declining. *** noted that demand for TVs corresponds to general economic conditions and while 1999 and 2000 were stable, demand for TVs and barium carbonate declined in 2001 and the first half of 2002. *** also stated that producers of TV glass, picture tubes, and assembled TVs have faced increasing market pressure to lower costs in order to compete in their markets. According to ***, in response to this pressure, TV assemblers and producers of video glass have moved production from higher-cost sites such as the United States and

³ See, testimony of C. Ballard Mauldin, President, CPC, conference transcript, p. 23.

Europe to lower-cost sites in Mexico and Southeast Asia. Thus, *** believes that while demand for barium carbonate in the United States may be declining, demand in other markets may increase. Two purchasers who buy barium carbonate for use in brick and tile production stated that there has been no change in the demand for their final products which use barium carbonate. Two glass producers reported that the demand for their product (TV glass) declined since January 1999, which resulted in less barium carbonate purchases.

Substitute Products

In general, most firms reported that there were no commercially viable substitute products for barium carbonate. *** all reported that there were no substitutes for barium carbonate. Importer *** reported that strontium carbonate, lead, and glass cullet can be used as substitutes.^{4 5} However, ***⁶ points out there are downsides to using other products. *** reported that barium carbonate is the best absorber of x-rays (for TV glass) and at higher voltages (for color TV). According to ***, using too much lead causes a browning of the glass which is undesirable.

Cost Share

CPC was the only firm that provided any useful information on the cost share of barium carbonate relative to the total cost of the products in which barium carbonate is used. According to CPC, barium carbonate accounts for approximately *** to *** percent of the total cost of a TV glass panel and *** percent of the cost of brick and tile products.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported barium carbonate depends upon such factors as relative prices, quality, and conditions of sale. Based on available data in this preliminary phase of the investigation, staff believes that there is a moderate degree of substitution between domestic barium carbonate and subject imports from China, with substitution likely higher in the granular product segment.

Factors Affecting Sales

While CPC stated that "for most end uses barium carbonate is a commodity product,"⁷ there appear to be some other factors that play a role in the sales/purchasing of barium carbonate. Several purchasers provided some information on the importance of price in their purchasing decisions.⁸

⁴ *** reported that glass cullet refers to fragments of scrap glass from production operations which are collected and recycled to the furnace for melting. Cullet can be generated internally or purchased from a recycler.

⁵ Other information on the record suggests that strontium carbonate appears to more of a complement rather than a substitute. Strontium carbonate is used along with barium carbonate in the production of TV glass. CPC noted that the percentage of barium carbonate and strontium carbonate is fairly fixed. *See*, testimony of C. Ballard Mauldin, President, CPC, conference transcript, p. 58.

⁶ ***.

⁷ *See*, testimony of Chris Wood, counsel to CPC, conference transcript, p. 41.

⁸ Eight purchasers (all four TV glass producers and four large brick and tile producers) were sent short surveys containing questions on the barium carbonate industry. Four firms responded: two brick and tile producers and two
(continued...)

Purchasers were asked how often their firm purchases the barium carbonate that is offered at the lowest price. Two brick and/or tile producers reported that they “never” buy the product at the lowest price, with both noting that they only buy from CPC. Both responding TV glass producers reported that they “sometimes” buy the barium carbonate that is offered at the lowest price. ***. ***. ***.

One factor that can affect substitutability that was discussed at the conference and in postconference briefs is the existence of qualification policies of purchasers. CPC stated that it did not believe that qualification procedures by purchasers were a barrier or hurdle for suppliers.⁹ CPC stated that qualification procedures can vary and can be as simple as getting a sample of material and qualifying it in the lab, or can be more complicated and involve larger-scale trials.¹⁰ At the conference, BassTech stated that “TV glass producers impose very high quality standards and rigorous qualification processes for their material suppliers because the consequences for running an unsatisfactory material are significant.”¹¹ BassTech also noted that although it sells other products to Corning, Techneglas, and Thomson Multimedia (Thomson), it has only been qualified to sell barium carbonate at Techneglas.^{12 13} ***. Alex Trading reported that customers ***.¹⁴ ***.¹⁵

Another factor that affects the degree of substitutability in the barium carbonate market is the availability of product types. As noted earlier, CPC offers a specialized spray-dried powdered product called Micro-Flo™. This product is currently not available from any other source. The fact that this product is only available from the domestic producer and not Chinese suppliers greatly reduces the degree of substitution in the brick and tile market segment where it is used. In the TV glass market segment, the extent that TV glass producers desire a barium carbonate supplier to also be able to offer strontium carbonate could also reduce the degree of substitutability, as there currently is no Chinese strontium carbonate sold in the U.S. market.

With regard to differences in product characteristics, CPC noted the availability of its patented Micro-Flo™ product, stating that ***. ***. ***. CPC noted that this is also true for nonsubject imports.

Importers were split with regard to whether or not there were differences in product characteristics between the domestic and Chinese product (table II-1). *** noted the existence of CPC’s Micro-Flo™ product and the lack of a similar Chinese product as one difference. *** also stated that the TV glass industry requires both barium carbonate and strontium carbonate for production and these firms (TV glass producers) insist that their supplier offer both materials to be considered for business. *** stated that since *** is not an exporter of strontium carbonate to the North American market, it is limited in its ability to supply the U.S. TV glass industry. ***.

⁸ (...continued)
TV glass producers (***).

⁹ See, testimony of Chris Wood, counsel to CPC, and Thomas S. Bourdon, Sales & Marketing Manager, CPC, conference transcript, p. 50.

¹⁰ See, testimony of Thomas S. Bourdon, Sales & Marketing Manager, CPC, conference transcript, p. 50.

¹¹ See, testimony of Alan Chalup, Vice President, BassTech, conference transcript, p. 91.

¹² Ibid., p. 92.

¹³ ***. Staff interview with ***, October 29, 2002.

¹⁴ ***.

¹⁵ Staff interview with ***, November 7, 2002.

Table II-1

Barium carbonate: Perceived importance of differences in factors other than price between barium carbonate produced in the United States and in other countries in sales of barium carbonate

* * * * *

Comparison of Domestic and Subject Imported Barium Carbonate

Questionnaire responses reveal general agreement on the issue of interchangeability between U.S.-produced and subject barium carbonate. CPC reported that ***, while importers were mixed with regard to this question (table II-2). One of the *** that reported that the domestic and Chinese products were not interchangeable stated that the barium carbonate that it imports from China is a ***. According to ***.

Table II-2

Barium carbonate: Perceived degree of interchangeability of barium carbonate produced in the United States and in other countries

* * * * *

Purchasers were also asked to compare the domestic and Chinese product with regard to 14 different factors.¹⁶ The two responding brick and/or tile producers reported that they were not able to make comparisons between the domestic and Chinese product because they do not purchase any Chinese product and they are not familiar with it. One brick/tile producer did note that it believed that the quality of the domestic product was superior to that of the Chinese product. Of the two TV glass producers who responded to the survey, ***, ***, ***.

Comparison of Domestic, Subject Imported, and Nonsubject Barium Carbonate

Producers, importers, and purchasers also provided some information on nonsubject imports relative to domestic and Chinese barium carbonate. Imports of barium carbonate were available from two nonsubject sources during the period for which data were collected: Germany and Mexico. Currently, barium carbonate is not being produced in Mexico. The sole producer of barium carbonate in Mexico, Cia. Minera La Valenciana, S.A. (CMV), ceased production of barium carbonate in 2002 after it entered into an agreement with BassTech and Red Star (Chinese producer). Based on the agreement,

¹⁶ These factors consist of availability, delivery terms, delivery time, discounts offered, price, minimum quantity requirement, packaging, product consistency, product quality, product range, reliability of supply, technical support/service, transportation network, and U.S. transportation costs.

CMV would stop producing barium carbonate and in exchange, CMV would receive a commission for any sales that BassTech made of Red Star barium carbonate to any of CMV's former U.S. customers.^{17 18}

With regard to interchangeability, *** reported that nonsubject imports were used interchangeably with both domestic and Chinese barium carbonate. *** did note, however, that while there were differences in product characteristics between the Chinese and nonsubject barium carbonate products, nonsubject import suppliers ***. Importers were mixed with regard to whether or not there were differences in product characteristics between nonsubject imports, Chinese, and domestic barium carbonate. While *** reported that there were none, two other importers, ***, reported that there were. ***. ***.

¹⁷ See, testimony of Ben Gutmann, President, BassTech, conference transcript, p. 74.

¹⁸ ***.

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

Information on capacity, production, shipments, inventories, and employment is presented in this section of the report, and is based on the questionnaire responses of two U.S. producers of barium carbonate representing all known U.S. production during 1999-2001. A summary of U.S. producer data is presented in appendix C.

U.S. PRODUCERS

Two firms, CPC and Osram Sylvania Products (Osram), currently produce barium carbonate in the United States.¹ CPC is a producer of barium and strontium chemicals; Osram is a producer of specialty lighting products. Since the early 1980s, CPC essentially has been the only commercial producer of barium carbonate in the United States. Table III-1 presents U.S. producers responding to the Commission's questionnaires, including information on the location of production facilities and the share of reported U.S. production in 2001.

Table III-1

Barium carbonate: U.S. producers, location of production facilities, position taken with respect to the petition, share of U.S. production, and share of U.S. shipments, 2001

Firm	Location of production facilities	Position taken with respect to the petition		Share of U.S. production	Share of U.S. shipments	
		Response	Public			
			Yes			No
					<i>Percent</i>	
CPC ¹	Cartersville, GA	Petitioner	✓		***	
Osram ²	Danvers, MA	***		✓	***	
Total					100.0	
				100.0	100.0	

¹ CPC is a *** subsidiary of Dellinger Management, Cartersville, GA. CPC produces calcined granular barium carbonate, a "free-flowing" powdered barium carbonate, and a proprietary powdered spray-dried form of barium carbonate.

² Osram is a *** subsidiary of Siemens AG, Munich, Germany. Osram ***.

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

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

¹ The 1980 barium carbonate petition was filed by three barium carbonate producers: CPC, FMC Corp., and Sherwin-Williams Co.; however, the 1983 barium carbonate petition was filed solely by CPC. Both FMC and Sherwin-Williams exited the barium carbonate market in the early 1980s. GTE Sylvania (now Osram Sylvania) was identified as a small captive producer during these previous investigations.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data are presented in table III-2 and figure III-1. U.S. production capacity increased by *** percent from 1999 to 2001, and remained steady between the interim periods. U.S. production increased by *** percent from 1999 to 2001, but decreased by *** percent between the interim periods. Industry capacity utilization was *** percent in 1999, *** percent in 2000, *** percent in 2001, *** percent in interim 2001, and *** percent in interim 2002. According to CPC, production kilns in barium carbonate facilities are specifically designed to operate near maximum capacity, and there is a substantial loss of efficiency and increased costs if high levels of capacity utilization are not maintained.²

Table III-2
Barium carbonate: U.S. producers' capacity, production, and capacity utilization, by firms, 1999-2001, January-June 2001, and January-June 2002

* * * * *

Figure III-1
Barium carbonate: U.S. producers' capacity and production, 1999-2001, January-June 2001, and January-June 2002

* * * * *

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments are presented in table III-3. U.S. shipments remained unchanged from 1999 to 2001, but decreased by *** percent between the interim periods. Export shipments increased by *** percent from 1999 to 2001, and increased by *** percent between the interim periods.³ Data on U.S. producers' shipments by types and by end users are presented in table III-4. Table III-5 presents CPC's shipments to TV glass manufacturers by firms.

Table III-3
Barium carbonate: U.S. producers' shipments, by firms, 1999-2001, January-June 2001, and January-June 2002

* * * * *

² See, testimony of C. Ballard Mauldin, President, CPC, conference transcript, pp. 16-17, and CPC's postconference brief, p. 13 .

³ ***.

Table III-4
Barium carbonate: U.S. producers' commercial shipments, by types and by end users, 1999-2001, January-June 2001, and January-June 2002

* * * * *

Table III-5
Barium carbonate: CPC's shipments to TV glass manufacturers, by firms and by quarters, January 1999-June 2002

* * * * *

U.S. PRODUCERS' PURCHASES AND IMPORTS

***. Data on U.S. producers' purchases (other than direct imports), by sources, are presented in table III-6. ***.⁴ ***.⁵ ***.⁶

Table III-6
Barium carbonate: U.S. producers' purchases (other than direct imports), by sources, 1999-2001, January-June 2001, and January-June 2002

* * * * *

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' inventories of barium carbonate are presented in table III-7. ***.

⁴ ***.

⁵ See, testimony of C. Ballard Mauldin, President of CPC, conference transcript, p. 49. ***.

⁶ For a further discussion of ***, see, section entitled *U.S. Producers' Imports* in Part IV of this report.

Table III-7
Barium carbonate: U.S. producers' end-of-period-inventories, by firms, 1999-2001, January-June 2001, and January-June 2002

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

U.S. producers' employment data are presented in table III-8. Osram provided employment data based on its production (and internal consumption) of a specialized barium carbonate product used to ***. The firm's data for hours worked, wages, and productivity ***.

Table III-8
Average number of production and related workers producing barium carbonate, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, by firms, 1999-2001, January-June 2001, and January-June 2002

* * * * *

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

U.S. IMPORTERS

The Commission sent questionnaires to approximately 10 firms believed to import barium carbonate from January 1999 through June 2002, and received responses from six firms.¹ Three of these firms imported barium carbonate from China during this period,² and accounted for *** subject imports during this period.³ Table IV-1 presents a list of U.S. importers of the subject merchandise including their locations, sources of imports, and the quantity of subject imports from January 1999 through June 2002.

Table IV-1
Barium carbonate: U.S. importers, company locations, sources of imports, and U.S. imports from China, 1999-2001, January-June 2001, and January-June 2002

* * * * *

U.S. IMPORTS

Table IV-2 and figure IV-1 present data on U.S. imports of barium carbonate based on official statistics of Commerce.⁴ The quantity of U.S. imports of barium carbonate from China decreased by 15.5 percent from 1999 to 2001, but increased by 157.0 percent between the interim periods. The quantity of U.S. imports of barium carbonate from nonsubject sources decreased by 29.8 percent from 1999 to 2001, and

¹ The petition identified six importers, and a more complete list of importers was derived from information provided by the U.S. Customs Service.

² Three firms imported barium carbonate from nonsubject sources.

³ Based on a comparison of data compiled from questionnaires of the Commission and official statistics of Commerce.

⁴ Appendix table C-1 presents summary data concerning the U.S. market using official import statistics of Commerce. Appendix table C-2 presents summary data concerning the U.S. market using import data compiled from Commission questionnaires. Appendix table C-3 presents summary data concerning the granular barium carbonate market. Appendix table C-4 presents summary data concerning the powdered barium carbonate market.

Table IV-2
Barium carbonate: U.S. imports, by sources, 1999-2001, January-June 2001, and January-June 2002

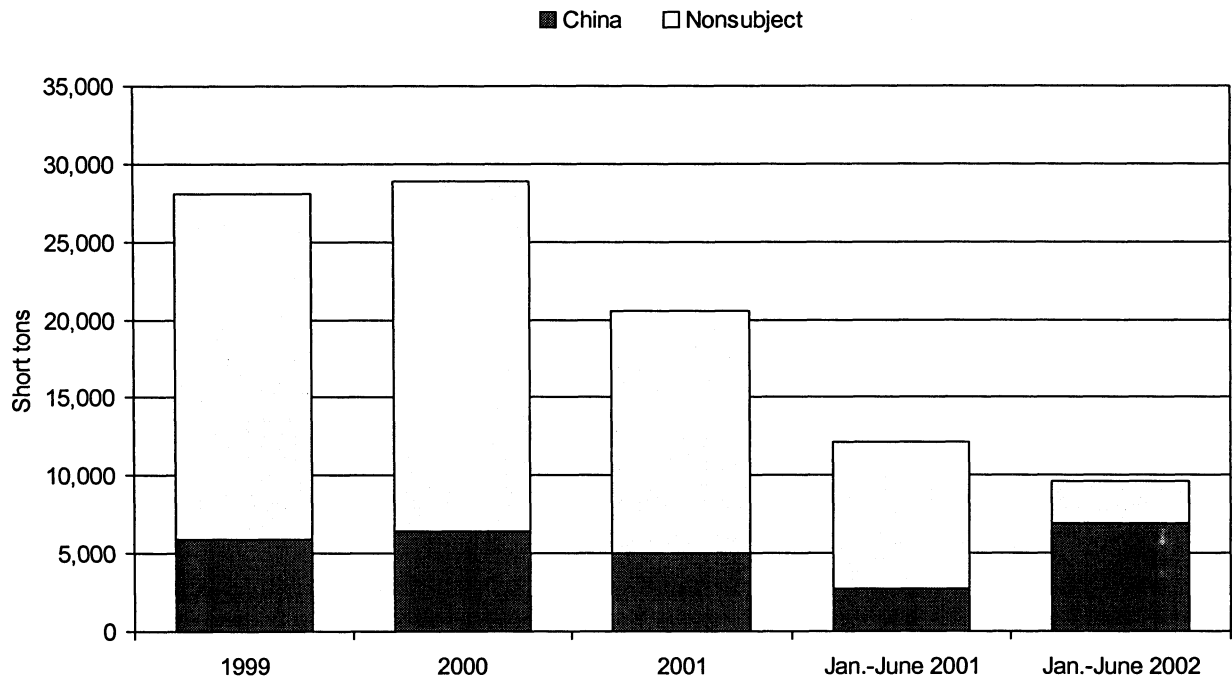
Source	Calendar year			January-June	
	1999	2000	2001	2001	2002
	Quantity (short tons)				
China ^{1,2}	5,948	6,457	5,028	2,684	6,897
Hong Kong ³	0	0	22	0	40
Subtotal	5,948	6,457	5,050	2,684	6,937
Germany	5,080	6,427	4,863	3,197	520
Japan	1,682	1,521	341	338	2
Mexico	15,110	14,158	10,105	5,886	2,060
All other sources ⁴	211	328	169	58	100
Subtotal	22,084	22,434	15,479	9,480	2,682
Total	28,031	28,891	20,528	12,164	9,619
	Value (\$1,000)				
China ⁵	1,965	2,110	1,478	793	1,601
Hong Kong ³	0	0	7	0	13
Subtotal	1,965	2,110	1,485	793	1,614
Germany	2,466	2,781	2,300	1,493	228
Japan	2,244	2,258	419	400	16
Mexico	7,534	6,876	4,812	2,823	963
All other sources ⁴	318	435	271	110	142
Subtotal	12,562	12,350	7,803	4,827	1,349
Total	14,527	14,461	9,287	5,620	2,963
	Unit value (per short ton)				
China	\$330	\$327	\$294	\$295	\$232
Hong Kong ³	(⁶)	(⁶)	325	(⁶)	337
Average	330	327	294	295	233
Germany	485	433	473	467	438
Japan	1,334	1,485	1,229	1,184	7,563
Mexico	499	486	476	480	467
All other sources ⁴	1,503	1,329	1,600	1,895	1,417
Average	569	551	504	509	503
Average	518	501	452	462	308
Table continued. See footnotes at end of table.					

Table IV-2--Continued

Barium carbonate: U.S. imports, by sources, 1999-2001, January-June 2001, and January-June 2002

Source	Calendar year			January-June	
	1999	2000	2001	2001	2002
Share of quantity (percent)					
China	21.2	22.4	24.5	22.1	71.7
Hong Kong ³	0.0	0.0	0.1	0.0	0.4
Subtotal	21.2	22.4	24.6	22.1	72.1
Germany	18.1	22.2	23.7	26.3	5.4
Japan	6.0	5.3	1.7	2.8	(⁶)
Mexico	53.9	49.0	49.2	48.4	21.4
All other sources ⁴	0.8	1.1	0.8	0.5	1.0
Subtotal	78.8	77.6	75.4	77.9	27.9
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	13.5	14.6	15.9	14.1	54.0
Hong Kong ³	0.0	0.0	0.1	0.0	0.4
Subtotal	13.5	14.6	16.0	14.1	54.5
Germany	17.0	19.2	24.8	26.6	7.7
Japan	15.4	15.6	4.5	7.1	0.5
Mexico	51.9	47.5	51.8	50.2	32.5
All other sources ⁴	2.2	3.0	2.9	2.0	4.8
Subtotal	86.5	85.4	84.0	85.9	45.5
Total	100.0	100.0	100.0	100.0	100.0
<p>¹ ***</p> <p>² In the 12-month period preceding the filing of the petition (i.e., September 2001-August 2002), subject imports of barium carbonate from China accounted for 58.3 percent of total imports. Subject imports from China during this period were 8,918 short tons while total imports were 15,297 short tons.</p> <p>³ There are no known producers of barium carbonate in Hong Kong, and all imports of barium carbonate from Hong Kong are believed to be of Chinese origin.</p> <p>⁴ "All other sources" consist of Belgium, Brazil, France, Italy, Russia, and Taiwan.</p> <p>⁵ ***</p> <p>⁶ Not applicable.</p>					
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from official statistics of Commerce.					

Figure IV-1
Barium carbonate: U.S. imports from China and nonsubject sources, 1999-2001, January-June 2001, and January-June 2002



Source: Table IV-2.

decreased by 71.3 percent between the interim periods. Overall, U.S. imports of all barium carbonate decreased by 26.8 percent from 1999 to 2001, and decreased by 20.9 percent between the interim periods.⁵

The majority of subject imports were sold directly to end users, with shipments to end users accounting for *** percent of the volume of importers' shipments in 1999, *** percent in 2000, *** percent in 2001, *** percent in interim 2001, and *** percent in interim 2002.

CMV, a Mexican producer of barium carbonate and strontium carbonate, ceased production of barium carbonate in November 2001.⁶ Prior to its exit from the market in 2002, CMV was the largest exporter of barium carbonate to the United States. As of January 1, 2002, CMV has an agreement with BassTech under which CMV will cease production of barium carbonate in return for *** commission on the sales of Red Star's barium carbonate (through BassTech) to former CMV customers.⁷ CMV continues to produce and sell strontium carbonate.

U.S. IMPORTERS' SHIPMENTS BY MARKET SEGMENT

Table IV-3 presents U.S. importers' shipments of subject imports from China by types and by end users. In 2001, *** percent of barium carbonate imports were sold to glass manufacturers, *** percent to brick manufacturers, *** percent to tile manufacturers, and *** percent to "other manufacturers." With respect to granular and powder forms, *** percent of subject imports in 2001 were powdered barium carbonate,⁸ and *** percent of subject imports were granular barium carbonate.⁹

⁵ The following tabulation compares quantities, values, and unit values based on official import statistics and data submitted in response to Commission questionnaires:

Item	Calendar year			January-June	
	1999	2000	2001	2001	2002
	Quantity (short tons)				
U.S. imports (Commerce data)	5,948	6,457	5,028	2,684	6,897
U.S. imports (questionnaire data)	***	***	***	***	***
Shipments of imports (questionnaire data)	***	***	***	***	***
	Value (\$1,000)				
U.S. imports (Commerce data)	1,965	2,110	1,478	793	1,601
U.S. imports (questionnaire data)	***	***	***	***	***
Shipments of imports (questionnaire data)	***	***	***	***	***
	Average unit value (per short ton)				
U.S. imports (Commerce data)	\$330	\$327	\$294	\$295	\$232
U.S. imports (questionnaire data)	***	***	***	***	***
Shipments of imports (questionnaire data)	***	***	***	***	***

⁶ ***.

⁷ See, BassTech/Red Star's postconference brief, p. 5 and exh. 2. ***.

⁸ Brick and tile manufacturers accounted for *** percent of powdered import shipments in 2001, while glass manufacturers accounted for only *** percent.

⁹ Glass manufacturers accounted for *** percent of granular import shipments in 2001.

Table IV-3
Barium carbonate: U.S. importers' U.S. shipments of subject imports, by types and by end users, 2001

* * * * *

U.S. IMPORTERS' CURRENT ORDERS

Three firms, ***,¹⁰ ***,¹¹ and ***,¹² have imported or arranged for the importation of barium carbonate from China after June 30, 2002.

U.S. PRODUCERS' IMPORTS

***. However, ***,¹³ ***,¹⁴

APPARENT U.S. CONSUMPTION

Table IV-4 and figure IV-2 present data on apparent U.S. consumption of barium carbonate. Based on quantity, apparent U.S. consumption decreased by *** percent from 1999 to 2001 and decreased by *** percent between the interim periods. Based on value, apparent U.S. consumption decreased by *** percent from 1999 to 2001 and decreased by *** percent between the interim periods. Apparent U.S. consumption of barium carbonate was *** U.S. producers' capacity to produce barium carbonate in each year and period for which data were collected.

¹⁰ ***.

¹¹ ***.

¹² ***.

¹³ See, section entitled *U.S. Producers' Purchases* in Part III of this report.

¹⁴ ***.

Table IV-4

Barium carbonate: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1999-2001, January-June 2001, and January-June 2002

Source	Calendar year			January-June	
	1999	2000	2001	2001	2002
	Quantity (short tons)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from—					
China ¹	5,948	6,457	5,028	2,684	6,897
Hong Kong	0	0	22	0	40
Subtotal	5,948	6,457	5,050	2,684	6,937
Germany	5,080	6,427	4,863	3,197	520
Japan	1,682	1,521	341	338	2
Mexico	15,110	14,158	10,105	5,886	2,060
All other	212	328	170	59	100
Subtotal	22,084	22,434	15,479	9,480	2,682
Total U.S. imports	28,031	28,891	20,528	12,164	9,619
Apparent U.S. consumption	***	***	***	***	***
	Value (\$1,000)				
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from—					
China ²	1,965	2,110	1,478	793	1,601
Hong Kong	0	0	7	0	13
Subtotal	1,965	2,110	1,485	793	1,614
Germany	2,466	2,781	2,300	1,493	228
Japan	2,244	2,258	419	400	16
Mexico	7,534	6,876	4,812	2,823	963
All other	318	436	271	111	142
Subtotal	12,562	12,351	7,802	4,827	1,349
Total U.S. imports	14,527	14,461	9,287	5,620	2,963
Apparent U.S. consumption	***	***	***	***	***
1 ***					
2 ***					
Note.—Because of rounding, figures may not add to totals shown.					
Source: Compiled from data submitted in response to questionnaires of the Commission and official statistics of Commerce.					

Figure IV-2
Barium carbonate: Apparent U.S. consumption, by sources, 1999-2001, January-June 2001, and January-June 2002

* * * * *

U.S. MARKET SHARES

Table IV-5 presents data on U.S. market shares based on apparent U.S. consumption of barium carbonate. The market share of subject imports (based on volume) decreased from *** percent in 1999 to *** percent in 2000 and decreased further to *** percent in 2001; however, subject import market share increased from *** percent in interim 2001 to *** percent in interim 2002. ***.

Table IV-5
Barium carbonate: Apparent U.S. consumption and market shares, by sources, 1999-2001, January-June 2001, and January-June 2002

* * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The basic raw material used in the production of barium carbonate is barite ore. Barite ore deposits are located in Australia, China, Germany, India, Mexico, and the United States. Petitioners note that barium carbonate produced for both the glass and brick/tile market segments has been subject to significant increases in natural gas prices and increases in other raw material costs since 1999.¹ Respondents argue that the quality (i.e., purity level) of the barite ore used by CPC is of a lower quality and requires significant and costly processing; thus, according to respondents, CPC is at a disadvantage to Chinese producers.²

U.S. Inland Transportation Costs and Geographic Markets

Transportation costs of barium carbonate for delivery within the United States vary from firm to firm but tend to account for a relatively small percentage of the total cost of the product. For CPC, these costs accounted for between *** and *** percent of the total cost of barium carbonate. For the importers who provided usable responses to this question, these costs accounted for between *** and up to *** percent of the total cost of the product, with an average of *** percent.³ Responses were mixed from CPC and importers with regard to whether barium carbonate is sold on an f.o.b. or delivered basis. CPC reported that ***; one importer (***) reported sales on a delivered basis and one importer reported sales on both f.o.b. and delivered bases. Both CPC and importers reported that they ***.

Firms were also requested to provide estimates of the percentages of their shipments that were made within specified distance ranges. CPC reported that it ships barium carbonate throughout the entire United States; it also reported that *** percent occurred within 100 miles, *** percent occurred within 101 to 1,000 miles, and *** percent occurred at distances over 1,000 miles. For the importers that provided usable responses to this question, an average of *** percent of shipments occurred within 100 miles, *** percent occurred within 101 to 1,000 miles, and less than *** percent occurred at distances over 1,000 miles.

Exchange Rates

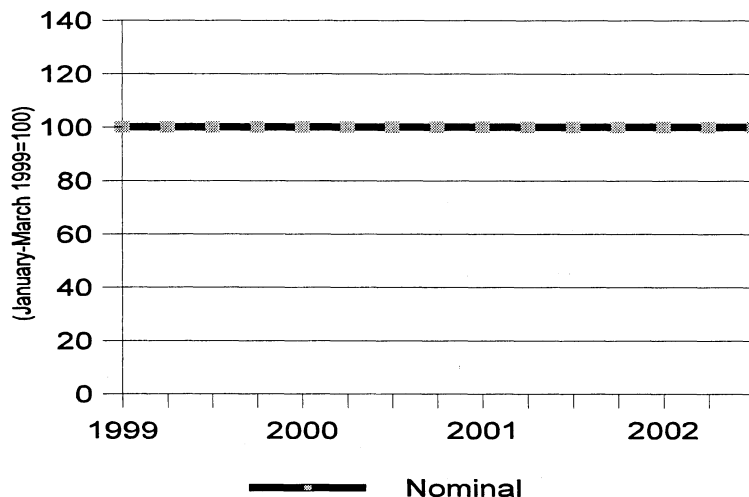
Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan is pegged to the U.S. dollar, and thus, remained essentially unchanged (relative to the U.S. dollar) from January 1999 through June 2002. Real values for the Chinese yuan cannot be calculated due to the unavailability of the relevant Chinese producer price information (figure V-1).

¹ See, petition, p. 27.

² See, testimony of Alan Chalup, Vice President, BassTech, conference transcript, pp. 86-87, and BassTech/Red Star's postconference brief, p. 23.

³ One importer, ***, reported that transportation costs can account for up to *** percent of the total cost of the barium carbonate; however, *** did not provide an estimate of the average cost so its data were not included in this average.

Figure V-1
Exchange rates: Index of the nominal value of the Chinese yuan relative to the U.S. dollar, by quarters, January 1999-June 2002



Source: International Monetary Fund, *International Financial Statistics*, October 2002 retrieved from <http://www.imfstatistics.org> on October 28, 2002.

PRICING PRACTICES

Pricing Methods

Available information from questionnaires reveals that approximately *** percent of sales of U.S.-produced barium carbonate in the United States was sold using contracts, and *** percent was sold on a spot basis. Two importers reported information on contract and spot sales. One of these firms reported that *** percent of its sales were on a contract basis and the remaining *** percent were on a spot basis. The other importer reported *** contract and spot sales. CPC reported that its contracts were ***. ***. Importers also reported that contracts tend to be ***. At the conference and in its postconference brief, CPC reported that it has had to lower its prices in some instances *** in response to competition from Chinese imports.⁴

Sales Terms and Discounts

CPC reported that it has ***. Responding importers also generally reported that they ***. With regard to sales terms, two importers reported that their payment terms are ***.

⁴ See, testimony of Thomas S. Bourdon, Sales & Marketing Manager, CPC, conference transcript, p. 57, and CPC's postconference brief, p. 19. See also, CPC's postconference brief, exh. 9 for documentation of instances where CPC allegedly had to reduce prices ***.

PRICE DATA

The Commission requested quarterly data for the total quantity and f.o.b. value of two barium carbonate products. Data were requested for the period January 1999 through June 2002. The products for which pricing data were requested are as follows:

Product 1.—Granular barium carbonate, sold in any size packaging, with a total BaCO₃ + SrCO₃ content of at least 97 percent.

Product 2.—Powdered barium carbonate, sold in any size packaging, with a total BaCO₃ + SrCO₃ content of at least 97 percent.

CPC and three importers provided usable pricing data for sales of the requested products in the U.S. market, although not all firms reported pricing data for all products for all quarters. The reported price data accounted for *** percent of the quantity of domestically-produced commercial shipments of barium carbonate in 2001, as well as *** percent of shipments of barium carbonate from China. Data on reported weighted-average prices and quantities for products 1 and 2 are presented in tables V-1 and V-2, and figures V-2 and V-3.

Table V-1
Barium carbonate: Weighted-average f.o.b. selling prices and quantities for product 1, and margins of underselling/(overselling), by quarters, January 1999-June 2002

* * * * *

Table V-2
Barium carbonate: Weighted-average f.o.b. selling prices and quantities for product 2, and margins of underselling/(overselling), by quarters, January 1999-June 2002

* * * * *

Figure V-2
Weighted-average f.o.b. prices and total quantities for product 1, by countries and by quarters, January 1999-June 2002

* * * * *

Figure V-3
Weighted-average f.o.b. prices and total quantities for product 2, by countries and by quarters, January 1999-June 2002

* * * * *

As is evident from the tables and figures, trends in barium carbonate varied depending on the product type (i.e., granular and powdered) and on the customer to which it was sold (i.e., granular typically sold to glass producers and powdered typically sold to brick and tile manufacturers). As noted at the staff conference, prices for powdered barium carbonate (product 2), which is mainly sold to the brick and tile industry, have tended to be more stable than prices for granular barium carbonate. According to CPC, the brick and tile market tends to be insulated from competition because of CPC's specialty Micro-Flo™ product which is not available from import sources.⁵

Data submitted in questionnaires indicate that U.S. prices for granular barium carbonate (product 1) declined irregularly during the period January-March 1999 to April-June 2002, falling *** percent in that time. Prices for domestic powdered barium carbonate (product 2) were fairly stable but increased *** percent from January-March 1999 to April-June 2001. These prices then declined steadily, decreasing by *** percent by April-June 2002; however, despite this decline, U.S. prices for product 2 ended up at a level *** percent higher than at the beginning of the period for which data were collected. Prices for Chinese product 1 (granular barium carbonate) declined over the period for which data were collected, falling *** percent. From January-March 1999 to April-June 2002, prices for product 2 (powdered barium carbonate) imported from China fluctuated and ended up *** percent higher at the end of the period compared to the beginning of the period.

As shown in table V-1, price comparisons for product 1 between the United States and China were possible in 14 quarters. In 13 quarters, the Chinese product was priced below the U.S. product, with margins ranging from *** to *** percent and averaging *** percent. In the other quarter, the Chinese product was priced *** percent above the U.S. product.

As shown in table V-2, price comparisons for product 2 between the United States and China were possible in 14 quarters. In all 14 quarters, the Chinese product was priced below the U.S. product, with margins ranging between *** and *** percent and averaging *** percent. It is important to note that some of the difference in prices between domestic and Chinese powdered barium carbonate may be attributed to differences in the product offered. *** of the U.S. powdered product sold by CPC is a specialized product, called Micro-Flo™, which is not offered by Chinese producers. At the conference, CPC noted that its "Micro-Flo product is optimized for use in brick and tile production because it offers a unique combination of superior flow characteristics." Moreover, CPC reported that it also offers technical support to customers of the Micro-Flo™ product and leases very specialized feeding equipment for the use of the Micro-Flo™ product.⁶

⁵ See, testimony of C. Ballard Mauldin, President CPC, conference transcript, p. 20, and testimony of Chris Wood, counsel to CPC, conference transcript, pp. 43-44.

⁶ See, testimony of C. Ballard Mauldin, President CPC, conference transcript, p. 27.

LOST SALES AND LOST REVENUES

The petition contained information on allegations of lost sales and lost revenues due to imports of barium carbonate from China. The 7 reported allegations of lost sales totaled \$*** and involved *** short tons of barium carbonate. The 15 lost revenue allegations totaled *** and involved *** short tons of barium carbonate. The lost sales allegations are reported in table V-3 and the lost revenue allegations are presented in table V-4. Additional information provided by purchasers follows.

* * * * *

Table V-3
Barium carbonate: Lost sales allegations

* * * * *

Table V-4
Barium carbonate: Lost revenue allegations

* * * * *

* * * * *

***⁸ ***

* * * * *

⁷ ***

⁸ ***

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Two companies, CPC and Osram, provided usable financial data.¹ CPC manufactures barium carbonate from barite ore mined locally in Georgia.² Besides barium carbonate, it produces anhydrous and crystalline barium chloride, strontium chemicals, sulfur chemicals, and soluble silicates.³ Net sales of barium carbonate (all types) comprised about *** percent of the company's Barium Division sales in 2001. The Barium Division is part of CPC's manufacturing operations and accounted for approximately *** percent of CPC's total manufacturing operations' net sales in 2001.⁴ Osram, a U.S. subsidiary of Siemens AG (Germany), located in Towanda, PA, internally consumes *** barium carbonate in its production of ***.

OPERATIONS ON BARIUM CARBONATE

CPC reported *** sales of barium carbonate in two forms, powdered (including spray-dried) and granular, while Osram reported *** of barium carbonate in ***. Results of total operations on barium carbonate are shown in table VI-1, and are presented separately by firm in tables VI-2 and VI-3 (Osram's operations were *** and are shown in VI-3). The results of CPC's operations on granular and powdered barium carbonate are shown in appendix D (tables D-1 and D-2, respectively).

Table VI-1

Barium carbonate: Results of operations of CPC and Osram, fiscal years 1999-2002, November 2000-July 2001, and November 2001-July 2002

* * * * *

¹ CPC has a fiscal year end of October 31. The company provided fiscal year data for November 1998-October 1999, November 1999-October 2000, and November 2000-October 2001. It provided interim period data for November 2000-July 2001 and November 2001-July 2002. Osram has a fiscal year end of ***; it provided data *** for its fiscal years ***. Osram's ***. Its ***.

² According to the company's website, CPC was founded in 1933 with the "primary purpose of processing locally mined barite ore into various barium compounds." It further states that it mines and beneficiates barite from one of the world's richest reserves of barite ore, which lies in the Cartersville, GA area. See, <http://www.ceramics.com/cpc/cpc.html> retrieved on October 3, 2002. The mining is performed by New Riverside Ochre that is related through a parent holding company to CPC. Nonetheless, CPC ***. At the request of staff, the profit or loss on CPC's purchases from New Riverside Ochre has been eliminated from CPC's profit and loss data. This adjustment resulted in ***.

³ Ibid.

⁴ Calculated from CPC's "Unit Cost, Barium 6 Month Average Report for April 30, 2001 and October 31, 2001," and from CPC's "Y-T-D Profit and Loss Statement, October 31, 2001," attached to the company's questionnaire response. At the Commission's request, company personnel reconciled these reports and statements to the questionnaire response and submitted corrected revised pages 9, 10, and 11 in the financial section of the producers' questionnaire. Although certain items are shown on the internal statements, these other items are reportedly not relevant to barium carbonate, including ***. In addition, CPC has a ***.

Table VI-2

Barium carbonate: Results of operations of CPC, fiscal years 1999-2001, November 2000-July 2001, and November 2001-July 2002

* * * * *

Table VI-3

Barium carbonate: Results of operations of Osram, fiscal years 2000-2002, January-June 2001, and January-June 2002

* * * * *

Total sales quantities of the two companies increased irregularly between fiscal year 1999 and 2001, although they fell *** between November 2000-July 2001 and the same period ending in July 2002. Their sales values followed a similar pattern. Commercial sales unit values fluctuated *** until they fell during November 2001-July 2002. Operating income and margins decreased from \$*** to \$***, and from *** percent to *** percent between 1999 and 2001, respectively. These two indicators increased from \$*** to \$***, and from *** percent to *** percent between November 2000-July 2001 and the same period ending in July 2002, respectively. The cost of goods sold (COGS) of the two companies increased during 1999-2001 by about \$***, stemming from higher costs of raw materials and energy and the effect of higher volumes of production and sales. Total COGS fell by \$*** between November 2000-July 2001 and the same period ending in July 2002, primarily due to the lower volume of sales and falling raw material costs.

Changes in the operating income of these two firms are further evidenced by the variance analysis that shows the effects of prices and volume on net sales and of costs and volume on their total costs (table VI-4). This analysis shows that the decrease in operating income between fiscal 1999 and 2001 of \$*** was attributable to combined unfavorable variances of \$*** on price and \$*** on net cost/expense and a favorable variance of \$*** on volume. However, the mix of favorable and unfavorable variances shifted between fiscal years 1999-2000 and 2000-2001 with an unfavorable price variance between 1999 and 2000 contributing to a decline in operating income, but when the price variance became favorable between 2000 and 2001, it ameliorated an unfavorable net cost/expense variance between those years. The *** increase in operating income between interim 2001 and interim 2002 was due to a favorable variance on net cost/expense that compensated for the unfavorable variances on price and volume. Variance analyses for CPC, and separately for CPC's granular and powdered operations, are presented in appendix D (tables D-3, D-4, and D-5). These indicate that the results of *** operations ***, and that the sales and higher ***.

Table VI-4

Barium carbonate: Variance analysis on results of operations of CPC and Osram, fiscal years 1999-2001, and November 2000-01-July 2001-02

* * * * *

**INVESTMENT IN PRODUCTIVE FACILITIES, CAPITAL EXPENDITURES,
AND RESEARCH AND DEVELOPMENT EXPENSES**

Capital expenditures, research and development (R&D) expenses, and the value of property, plant, and equipment, by firm, are shown in table VI-5.

Table VI-5

Barium carbonate: Capital expenditures, research and development expenses, and value of assets of CPC and Osram, fiscal years 1999-2001, November 2000-July 2001, and November 2001-July 2002

* * * * *

CAPITAL AND INVESTMENT

The Commission requested the firms to describe any actual or potential negative effects of imports of barium carbonate from China on their growth, investment, and ability to raise capital or development and production efforts (including efforts to develop a derivative or more advanced version of the product).

With respect to actual negative effects, CPC's response is ***. Osram's response is ***.

With respect to potential negative effects, CPC's response is ***. Osram's response is ***.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations.¹ 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.

THE INDUSTRY IN CHINA

The Commission received questionnaire responses from two barium carbonate producers in China, Hebei Xinji Chemical Group Co., Ltd. (Hebei Xinji) and Red Star,² that are believed to account for *** exports to the United States from 1999 to 2001,³ and approximately *** percent of production of barium carbonate in China in 2001.⁴ Table VII-1 and figure VII-1 present data on Chinese producers' capacity, production, and capacity utilization. Table VII-2 presents aggregated Chinese industry data.

Table VII-1
Barium carbonate: Chinese producers' capacity, production, and capacity utilization, by firms, 1999-2001, January-June 2001, January-June 2002, and projections for 2002-03

* * * * *

Figure VII-1
Barium carbonate: Chinese producers' capacity, production, and capacity utilization, 1999-2001, January-June 2001, and January-June 2002

* * * * *

Table VII-2
Barium carbonate: Data on the industry in China, 1999-2001, January-June 2001, January-June 2002, and projections for 2002-03

* * * * *

¹ See, 19 U.S.C. § 1677(7)(F)(i).

² ***.

³ Based on a comparison of reported exports of barium carbonate with official import statistics of Commerce.

⁴ Hebei Xinji estimated that it accounted for *** percent of barium carbonate production in China in 2001, and Red Star estimated that it accounted for *** percent of production. See, responses to the Commission's foreign producers' questionnaire, p. 5.

Chinese capacity increased by *** percent from 1999 to 2001, and increased by *** percent between interim periods.⁵ Chinese production increased by *** percent from 1999 to 2001, and increased by *** percent between the interim periods. Industry capacity utilization was *** percent in 1999, *** percent in 2000, *** percent in 2001, *** percent in interim 2001, and *** percent in interim 2002.

U.S. IMPORTERS' INVENTORIES

Table VII-3 presents data on U.S. importers' end-of-period inventories of imported barium carbonate. Importer BassTech, which accounted for *** percent of reported inventories of Chinese product in January-June 2002, stated that its inventories are committed to Techneglas and other customers pursuant to long-term contracts.⁶

Table VII-3

Barium carbonate: U.S. importers' end-of-period inventories of imports, by sources, 1999-2001, January-June 2001, and January-June 2002

* * * * *

ANTIDUMPING DUTY ORDERS IN THIRD COUNTRY MARKETS

There is currently one known antidumping duty order concerning barium carbonate produced in China. On November 17, 1999, India imposed a provisional antidumping duty order on imports of Chinese barium carbonate, and a definitive antidumping duty order was imposed on May 15, 2000, retroactive to November 17, 1999. The antidumping duty order is dollar-denominated and is calculated based on the difference between \$423.03 per metric ton and the landed value of such imports.⁷

⁵ An analysis of projected changes in capacity, production, and shipments is limited ***.

⁶ See, testimony of Alan Chalup, Vice President, BassTech, conference transcript, p. 93, and BassTech/Red Star's postconference brief, pp. 32-33. ***. ***. ***. See, BassTech/Red Star's postconference brief, pp. 32-33. ***.

⁷ See, CPC's postconference brief, exh. 14, and BassTech/Red Star's postconference brief, exh. 22.

APPENDIX A

FEDERAL REGISTER NOTICES

**INTERNATIONAL TRADE
COMMISSION****[Investigation No. 731-TA-1020
(Preliminary)]****Barium Carbonate From China****AGENCY:** International Trade
Commission.**ACTION:** Institution of antidumping
investigation and scheduling of a
preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731-TA-1020 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of barium carbonate, provided for in subheading 2836.60.00 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by November 14, 2002. The Commission's views are due at Commerce within five business days thereafter, or by November 21, 2002.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: September 30, 2002.**FOR FURTHER INFORMATION CONTACT:** Fred Fischer (202-205-3179 or ffischer@usitc.gov), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain

information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS-ON-LINE) at <http://dockets.usitc.gov/eol/public>.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on September 30, 2002, by Chemical Products Corp., Cartersville, GA.

Participation in the Investigation and Public Service List

Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the *Federal Register*. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the *Federal Register*. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on October 22, 2002, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Fred Fischer (202-205-3179 or ffischer@usitc.gov) not later than October 16, 2002, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before October 25, 2002, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: October 1, 2002.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 02-25323 Filed 10-3-02; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF COMMERCE**International Trade Administration****[A-570-880]****Notice of Initiation of Antidumping
Duty Investigation: Barium Carbonate
From the People's Republic of China****AGENCY:** Import Administration,
International Trade Administration,
Department of Commerce.**ACTION:** Initiation of antidumping duty
investigation.

EFFECTIVE DATE: October 25, 2002.**FOR FURTHER INFORMATION CONTACT:**David Layton (202) 482-0371 or Tisha
Loeper-Viti (202) 482-7425, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street and Constitution
Avenue, NW., Washington, DC 20230.**Initiation of Investigations***The Applicable Statute and Regulations*

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department of Commerce's (the Department's) regulations are references

to the provisions codified at 19 CFR part 351 (2002).

The Petition

On September 30, 2002, the Department received a petition filed in proper form by Chemical Products Corporation (CPC, or the petitioner). The Department received a supplement to the petition on October 16, 2002.

In accordance with section 732(b)(1) of the Act, the petitioner alleges that imports of barium carbonate from the People's Republic of China (the PRC) are, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or are threatening to materially injure, an industry in the United States.

The Department finds that the petitioner filed this petition on behalf of the domestic industry because it is an interested party as defined in sections 771(9)(C) of the Act, and it has demonstrated sufficient industry support with respect to the antidumping investigation that it is requesting the Department to initiate. *See infra*, "Determination of Industry Support for the Petition."

Scope of Investigation

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

As discussed in the preamble to the Department's regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments within 20 calendar days of publication of this notice. Comments should be addressed to Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that the Department's industry support determination, which is to be made before the initiation of the investigation, be based on whether a minimum percentage of the relevant industry supports the petition. A petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall either poll the industry or rely on other information in order to determine if there is support for the petition.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.¹

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses

with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

We reviewed the description of the domestic like product presented in the petition. Based upon our review of the petitioner's claims, we concur that there is a single domestic like product, which is defined in the "Scope of Investigation" section above. This is consistent with determinations in past investigations to treat all barium carbonate products as a single class or kind of merchandise. *See, e.g., International Trade Commission Notices (No. 731-TA-31 Final): Precipitated Barium Carbonate from the Federal Republic of Germany*, 46 FR 32698 (June 24, 1981).

Finally, the Department has determined that, pursuant to section 732(c)(4)(A) of the Act, the petition contains adequate evidence of industry support and, therefore, polling is unnecessary. *See the Import Administration Antidumping Investigation Initiation Checklist, Industry Support section*, October 21, 2002 (the Initiation Checklist), on file in the Central Records Unit, Room B-099 of the main Department of Commerce building.

We determined that the petitioner has demonstrated industry support representing more than 50 percent of total production of the domestic like product. Therefore, the domestic producers or workers who support the petition account for at least 25 percent of the total production of the domestic like product, and the requirements of section 732(c)(4)(A)(i) of the Act are met. Furthermore, because the petitioner represents more than 50 percent of total production of the like product, the domestic producers or workers who support the petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for or opposition to the petition. Thus, the requirements of section 732(c)(4)(A)(ii) are also met. In addition, the Department received no opposition to the petition. Accordingly, we determine that this petition is filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which the Department based its

¹ *See Algoma Steel Corp. Ltd., v. United States*, 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

decision to initiate this investigation. The sources of data relating to U.S. and home market prices and factors of production are discussed in greater detail in the Initiation Checklist. Should the need arise in our preliminary or final determinations to use any of this information as facts available under section 776 of the Act, we may re-examine the information and revise the margin calculations, if appropriate.

Regarding information involving non-market economy countries (NME), the Department presumes, based on the extent of central government control in an NME, that a single dumping margin, should there be one, is appropriate for all NME exporters in the given country. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of the country's NME status and the granting of separate rates to individual exporters. *See, e.g., Final Determination of Sales at Less Than Fair Value: Silicon Carbide from the People's Republic of China*, 59 FR 22585 (May 2, 1994).

Export Price

The petitioner based export price (EP) on price quotes from several Chinese exporters within the period of investigation (POI) for the sale of powdered and calcined barium carbonate produced in the PRC. The petitioner calculated a net U.S. price by deducting inland freight expenses in the PRC using a surrogate value for rail freight in accordance with our NME calculation methodology.

Normal Value

The petitioner alleges that the PRC is an NME country, and notes that in all previous investigations the Department has determined that the PRC is an NME. *See, e.g., Notice of Final Determination in the Less Than Fair Value Investigation of Steel Wire Rope From the People's Republic of China*, 66 FR 12759, 12761 (Feb. 28, 2001). In accordance with section 771(18)(C) of the Act, any determination that a foreign country has at one time been considered an NME shall remain in effect until revoked. Therefore, the PRC will continue to be treated as an NME country unless and until its NME status is revoked. Pursuant to section 771(18)(C)(i) of the Act, because the PRC's status as an NME remains in effect, the petitioner determined the dumping margin using an NME analysis.

The petitioner asserts that India is the most appropriate surrogate country for the PRC, claiming that India is: (1) A market economy; (2) a significant

producer of comparable merchandise; and (3) at a level of economic development comparable to that of the PRC in terms of per-capita gross national income. Based on the information provided by the petitioner, we believe that the petitioner's use of India as a surrogate country is appropriate for purposes of initiation of this investigation.

The petitioner estimated the quantities of inputs required to produce powdered and calcinated barium carbonate in the PRC based on the petitioner's own experience and adjusted for known differences in production in the PRC. These known differences include: (1) The use of coal as a fuel source and as a material input to reduce barite ore; (2) the production of carbon dioxide gas by heating limestone; and (3) the use of kerosene to heat the calciner.

For valuing the inputs, the petitioner attempted to use contemporaneous price data for the anticipated POI where it was available. Where this was not the case, the petitioner used information otherwise available as detailed below. The petitioner valued inputs of steam coal, limestone, lime, alum, and flocculant using Indian import statistics recorded for the months of January to June 2001 in the Monthly Statistics of the Foreign Trade of India. Barite ore was valued using a contemporaneous price quote from an Australian producer of barite ore because the petitioner demonstrated that the Indian import statistics value was abnormally high and the petitioner was unable to find an import value for any other possible surrogate country. The values for ferrous sulfate and sodium sulfate were based on the values reported in the publication *Chemical Weekly* for the period January to June 2002. The value for calcium sulfate was based on a publicly available price quote from a price list published on the Internet by Indian Chemical Industries (*see* <http://www.indian-chemicals.com>). A value for water was based on the average industrial price in four Indian metropolitan areas for the period 1995–1997 as reported in the Second Water Utilities Data Book: Asian and Pacific Region (1997). Electricity was valued using data from the 2001–02 Annual Report on the Working of State Electricity Boards published by the Power and Energy Division of the Planning Commission of India. All surrogate values that fell outside the anticipated POI, January 1, 2002, through June 30, 2002, were adjusted for inflation using sector-specific price indices (for electricity) and wholesale price indices (for all other inputs).

To determine factory overhead, selling, general and administrative (SG&A) expenses, and financial expenses and profit, the petitioner relied on rates derived from the financial statements of National Peroxide Ltd. (NPL) and Calibre Chemicals (CC), which are two Indian producers of bulk chemicals. Based on the information provided by the petitioner, we believe that the surrogate values represent information reasonably available to the petitioner and are acceptable for purposes of initiation of this investigation. Because the Department normally includes only operational income in calculating surrogate profit rates, we reduced NPL's profit rate to zero after deducting non-operational income (from property development) from its overall income.

Based upon a comparison of EP to adjusted normal value (NV), the revised estimated dumping margins range from 214.17 to 308.18 percent.

Fair Value Comparison

Based on the data provided by the petitioner, there is reason to believe that imports of barium carbonate from the PRC are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV.

The petitioner contends that the industry's injured condition is evident by a decline in prices, declining profitability, reduced levels of capacity utilization, declining shipments, lost sales and revenue due to PRC imports, and declining market share. The allegations of injury and causation are supported by relevant evidence including ITC import data, lost sales and revenue data, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. *See* the Initiation Checklist.

Initiation of Antidumping Investigation

Based upon our examination of the petition on barium carbonate, we have found that it meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether

imports of barium carbonate from the PRC are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended pursuant to section 733(b)(1)(A) of the Act, we will make our preliminary determination no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representative of the government of the PRC. We will attempt to provide a copy of the public version of the petition to each exporter named in the petition, as provided for under 19 CFR 351.203(C)(2).

ITC Notification

We have notified the ITC of our initiation as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will determine no later than November 14, 2002, whether there is a reasonable indication that imports of barium carbonate from the PRC are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: October 21, 2002.

Faryar Shirzad,
*Assistant Secretary for Import
Administration.*

[FR Doc. 02-27261 Filed 10-24-02; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

CALENDAR OF PUBLIC CONFERENCE



UNITED STATES INTERNATIONAL TRADE COMMISSION

WASHINGTON, DC

CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigation:

BARIUM CARBONATE FROM CHINA
Investigation No. 731-TA-1020 (Preliminary)

October 22, 2002 - 9:30 a.m.

The conference was held in the Main Hearing Room of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties—

Gibson, Dunn & Crutcher LLP
Washington, DC
on behalf of

- Chemical Products Corp.
 - C. Ballard Mauldin, President, Chemical Products Corp.
 - Raymond L. McCain, Vice President of Marketing & Sales, Chemical Products Corp.
 - Thomas S. Bourdon, Sales & Marketing Manager, Chemical Products Corp.
 - William F. Emberson, Product Manager, Barium Carbonate, Chemical Products Corp.
 - Gary D. Graves, Product Manager, Barium Division, Chemical Products Corp.

Joseph H. Price)
J. Christopher Wood) —OF COUNSEL

CALENDAR OF PUBLIC CONFERENCE--Continued

In Opposition to the Imposition of Antidumping Duties--

White & Case LLP
Washington, DC
on behalf of

- BassTech International
- Qingdao Red Star Chemical Group
 - Ben Gutmann, President, BassTech International
 - Alan Chalup, Vice President, BassTech International

Adams Lee)
Jonathan Seiger)-OF COUNSEL

Gardner, Carton & Douglas
Washington, DC
on behalf of

- Seaforth Mineral & Ore Co., Inc.
 - James A. McClurg, President, Seaforth Mineral & Ore Co., Inc.

Geoffrey M. Goodale)-OF COUNSEL

APPENDIX C

SUMMARY TABLES

Table C-1

Barium carbonate: Summary data concerning the U.S. market using official Commerce statistics for U.S. imports, 1999-2001, January-June 2001, and January-June 2002

Item	(Quantity=short tons; value=\$1,000; unit values, labor costs, and unit expenses are per short ton; period changes=percent)									
	Reported data					Period changes				
	Calendar year			January-June		Calendar year			Jan.-June	
	1999	2000	2001	2001	2002	1999-01	1999-00	2000-01	2001-02	
U.S. consumption quantity:										
Amount	***	***	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***	***	***
Importers' share: ¹										
China	***	***	***	***	***	***	***	***	***	***
Hong Kong	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:										
Amount	***	***	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***	***	***
Importers' share: ¹										
China	***	***	***	***	***	***	***	***	***	***
Hong Kong	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***
U.S. imports from:										
China:										
Quantity	5,948	6,457	5,028	2,684	6,897	-15.5	8.6	-22.1	157.0	
Value	1,965	2,110	1,478	793	1,601	-24.8	7.4	-30.0	101.9	
Unit value	\$330	\$327	\$294	\$295	\$232	-11.1	-1.1	-10.1	-21.4	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Hong Kong:										
Quantity	0	0	22	0	40	(?)	(?)	(?)	(?)	
Value	0	0	7	0	13	(?)	(?)	(?)	(?)	
Unit value	(?)	(?)	\$325	(?)	\$337	(?)	(?)	(?)	(?)	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Subtotal:										
Quantity	5,948	6,457	5,050	2,684	6,937	-15.1	8.6	-21.8	158.5	
Value	1,965	2,110	1,485	793	1,614	-24.5	7.4	-29.6	103.6	
Unit value	\$330	\$327	\$294	\$295	\$233	-11.0	-1.1	-10.0	-21.2	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Germany:										
Quantity	5,080	6,427	4,863	3,197	520	-4.3	26.5	-24.3	-83.8	
Value	2,466	2,781	2,300	1,493	228	-6.7	12.8	-17.3	-84.8	
Unit value	\$485	\$433	\$473	\$467	\$438	-2.6	-10.9	9.3	-6.2	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Japan:										
Quantity	1,682	1,521	341	338	2	-79.7	-9.5	-77.6	-99.4	
Value	2,244	2,258	419	400	16	-81.3	0.6	-81.4	-95.9	
Unit value	\$1,334	\$1,484	\$1,228	\$1,184	\$7,563	-8.0	11.2	-17.3	538.7	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***
Mexico:										
Quantity	15,110	14,158	10,105	5,886	2,060	-33.1	-6.3	-28.6	-65.0	
Value	7,534	6,876	4,812	2,823	963	-36.1	-8.7	-30.0	-65.9	
Unit value	\$499	\$486	\$476	\$480	\$467	-4.5	-2.6	-1.9	-2.6	
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***

Table continued. See footnotes at end of table.

Barium Carbonate

Table C-1--Continued

Barium carbonate: Summary data concerning the U.S. market using official Commerce statistics for U.S. imports, 1999-2001, January-June 2001, and January-June 2002

(Quantity=short tons; value=\$1,000; unit values, labor costs, and unit expenses are per short ton; period changes=percent)									
Item	Reported data					Period changes			
	Calendar year			January-June		Calendar year			Jan.-June
	1999	2000	2001	2001	2002	1999-01	1999-00	2000-01	2001-02
U.S. imports from:--continued									
All other sources:									
Quantity	211	328	169	58	100	-19.8	55.1	-48.3	73.3
Value	318	435	271	110	142	-14.6	37.1	-37.7	29.5
Unit value	\$1,503	\$1,329	\$1,600	\$1,895	\$1,417	6.4	-11.6	20.4	-25.2
Ending inventory quantity	0	0	0	0	0	(²)	(²)	(²)	(²)
Subtotal:									
Quantity	22,084	22,434	15,479	9,480	2,682	-29.9	1.6	-31.0	-71.7
Value	12,562	12,350	7,803	4,827	1,349	-37.9	-1.7	-36.8	-72.0
Unit value	\$569	\$551	\$504	\$509	\$503	-11.4	-3.2	-8.4	-1.2
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	28,031	28,891	20,528	12,164	9,619	-26.8	3.1	-28.9	-20.9
Value	14,527	14,461	9,287	5,620	2,963	-36.1	-0.5	-35.8	-47.3
Unit value	\$518	\$501	\$452	\$462	\$308	-12.7	-3.4	-9.6	-33.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers:									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization ¹	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments ¹	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000)	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***
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)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales ⁴	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales ¹	***	***	***	***	***	***	***	***	***

¹ "Reported data" are in percent and "period changes" are in percentage points.
² Not applicable.

Note.--Because of rounding, figures may not add to the totals shown; shares are calculated from the unrounded figures.

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

Table C-2
Barium carbonate: Summary data concerning the U.S. market using questionnaire data for U.S. imports, 1999-2001, January-June 2001, and January-June 2002

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Table C-3
Granular barium carbonate: Summary data concerning the U.S. market using questionnaire data for U.S. imports, 1999-2001, January-June 2001, and January-June 2002

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Table C-4
Powdered barium carbonate: Summary data concerning the U.S. market using questionnaire data for U.S. imports, 1999-2001, January-June 2001, and January-June 2002

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APPENDIX D

**RESULTS OF CPC'S OPERATIONS ON
GRANULAR AND POWDERED BARIUM CARBONATE**

This appendix provides information on CPC's operations on granular and powdered barium carbonate (tables D-1 and D-2). These data are consistent with the data for CPC's total operations on barium carbonate that are shown in table VI-2. This appendix also presents variance analyses on CPC's operations on these two forms of barium carbonate (tables D-3 and D-4).

Sales quantities of the two forms increased irregularly between fiscal year 1999 and 2001, although they fell between November 2000-July 2001 and the same period ending in July 2002. Their sales values followed a similar pattern. Commercial sales unit values fluctuated *** until they fell during November 2001-July 2002. Operating income and margins decreased between 1999 and 2001. These two indicators *** between November 2000-July 2001 and the same period ending in July 2002, respectively. The cost of goods sold (COGS) of the two forms increased during 1999-2001, stemming from higher costs of raw materials and energy and the effect of higher volume of production and sales, but fell between November 2000-July 2001 and the same period ending in July 2002, primarily due to the lower volume of sales and falling raw materials costs. Powdered barium carbonate operations at CPC include its specialized Micro-Flo™ product, which is sold at ***.

Changes in the operating income of CPC are further evidenced by the variance analysis that shows the effects of prices and volume on net sales and of costs and volume on its total costs (table D-3), and for granular and powdered barium carbonate separately (tables D-4 and D-5). As noted in Part VI, ***. The variance analysis shows that the decrease in total CPC operating income between fiscal 1999 and 2001 of \$*** was attributable to an unfavorable variance of \$*** on net cost/expense that offset favorable variances of \$*** on volume and \$*** on price. However, the mix of favorable and unfavorable variances shifted between fiscal years 1999-2000 and 2000-2001 with an unfavorable price variance between 1999 and 2000 contributing to a decline in operating income, but when the price variance became favorable between 2000 and 2001, it ameliorated an unfavorable net cost/expense variance and volume variance between those years. The *** increase in operating income between interim 2001 and interim 2002 was due to a favorable variance on net cost/expense that compensated for the unfavorable variances on price and volume. The variance analyses on granular and powdered barium carbonate (D-4 and D-5, respectively) are similar.

Table D-1

Granular barium carbonate: Results of operations of CPC, fiscal years 1999-2001, November 2000-July 2001, and November 2001-July 2002

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Table D-2

Powdered barium carbonate: Results of operations of CPC, fiscal years 1999-2001, November 2000-July 2001, and November 2001-July 2002

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Table D-3
Barium carbonate: Variance analysis on results of operations of CPC, fiscal years 1999-2001, and November 2000-01-July 2001-02

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Table D-4
Granular barium carbonate: Variance analysis on results of operations of CPC, fiscal years 1999-2001, and November 2000-01-July 2001-02

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Table D-5
Powdered barium carbonate: Variance analysis on results of operations of CPC, fiscal years 1999-2001, and November 2000-01-July 2001-02

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