Melamine from China and Trinidad and Tobago

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

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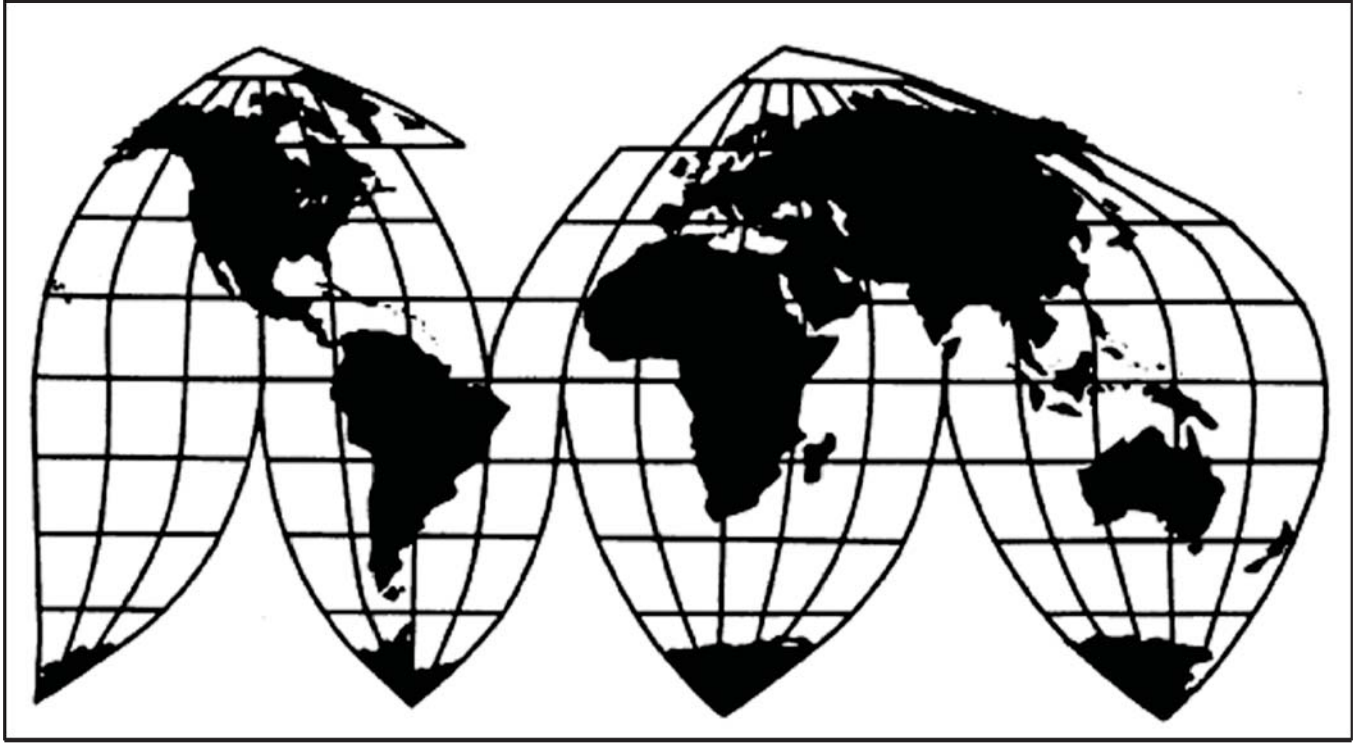
U.S. International Trade Commission



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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

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

MELAMINE FROM CHINA AND TRINIDAD AND TOBAGO

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a) and 1673b(a)) ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China and Trinidad and Tobago of melamine, provided for in subheading 2933.61.00 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") and subsidized by the governments of China and Trinidad and Tobago.

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. 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 Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. 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 investigations.

BACKGROUND

On November 12, 2014, a petition was filed with the Commission and Commerce by Cornerstone Chemical Company, Waggaman, Louisiana, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV and subsidized imports of melamine from China and Trinidad and Tobago. Accordingly, effective November

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

12, 2014, the Commission instituted countervailing duty investigation nos. 701-TA-526-527 and antidumping duty investigation nos. 731-TA-1262-1263 (Preliminary).

Notice of the institution of the Commission's investigations 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 November 18, 2014 (79 FR 68699). The conference was held in Washington, DC, on December 3, 2014, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of melamine from China and Trinidad and Tobago that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the governments of China and Trinidad and Tobago.

I. The Legal Standard for Preliminary Determinations

The legal standard for preliminary antidumping and countervailing duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determinations, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury, or that the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.[1] In applying this standard, the Commission weighs the evidence before it and determines 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."[2]

II. Background

The petitions in these investigations were filed on November 12, 2014 by Cornerstone Chemical Co. ("Cornerstone"), a domestic producer of melamine. Petitioner appeared at the staff conference and submitted a postconference brief.

One respondent entity participated in these investigations, Southern Chemical Corp. ("SCC"), an importer of melamine from Trinidad and Tobago. SCC appeared at the staff conference and submitted a postconference brief.

U.S. industry data are based on the questionnaire response of one producer, Cornerstone, accounting for 100 percent of U.S. production of melamine during the period of investigation ("POI"), which is from January 2011 to September 2014.[3] U.S. import data are based on official Commerce import statistics and on questionnaire responses from eight U.S. importers, accounting for 49.5 percent of U.S. imports of melamine from China and 100 percent of U.S. imports from Trinidad and Tobago.[4] The Commission received responses to its questionnaires from one Chinese producer/exporter of subject merchandise accounting for

[1] 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); *see also American Lamb Co. v. United States*, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); *Aristech Chem. Corp. v. United States, 2*0 CIT 353, 354-55 (1996). No party argues that the establishment of an industry in the United States is materially retarded by the allegedly unfairly traded imports.

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

[3] Confidential Report ("CR") at III-1, Public Report ("PR") at III-1.

[4] CR at IV-1, PR at IV-1.

approximately *** percent of production of melamine in China and *** percent of total exports of melamine to the United States from China in 2013,[5] and from one producer/exporter in Trinidad and Tobago, accounting for *** percent of production of subject merchandise in Trinidad and Tobago during the POI.[6]

III. Domestic Like Product

In determining 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."[7] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[8] In turn, the Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[9]

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.[10] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[11] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[12] Although the Commission must accept

[5] CR at VII-5, PR at VII-3.

[6] CR at VII-7, PR at VII-4.

[7] 19 U.S.C. § 1677(4)(A).

[8] 19 U.S.C. § 1677(4)(A).

[9] 19 U.S.C. § 1677(10).

[10] *See, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Torrington Co. v. United States*, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including the following: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes, and production employees; and, where appropriate, (6) price. *See Nippon*, 19 CIT at 455 n.4; *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

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

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

Commerce's determination as to the scope of the imported merchandise that is allegedly subsidized and/or sold at less than fair value,[13] the Commission determines what domestic product is like the imported articles Commerce has identified.[14]

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

{M}elamine (Chemical Abstracts Service ("CAS") registry number 108-78-01, molecular formula $C_3H_6N_6$). Melamine is a crystalline powder of granule typically (but not exclusively) used to manufacture melamine formaldehyde resins. All melamine is covered by the scope of these investigations irrespective of purity, particle size, or physical form. Melamine that has been blended with other products is included within this scope when such blends include constituent parts that have been intermingled, but that have not been chemically reacted with each other to produce a different product. For such blends, only the melamine component of the mixture is covered by the scope of these investigations. Melamine that is otherwise subject to these investigations is not excluded when commingled with melamine from sources not subject to these investigations. Only the subject component of such commingled products is covered by the scope of these investigations.

The subject merchandise is provided for in subheading 2933.61.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading and CAS registry number are provided for convenience and customs purposes, the written description of the scope is dispositive.[15]

Melamine is a fine, white, crystalline powder.[16] It is used primarily to manufacture resins which are used in surface coatings, laminates, molding compounds, paper treatment, and adhesives. It is also used in textile treatment applications in the automotive, appliance, dinnerware, furniture, fabric, and wood paneling industries.[17]

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

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

[15] *Melamine from the People's Republic of China and Trinidad and Tobago*, 79 Fed. Reg. 73037, 73043 (initiation of antidumping investigations) (Dep't Commerce, Dec. 9, 2014); *Melamine from the People's Republic of China and Trinidad and Tobago*, 79 Fed. Reg. 73030, 73034 (initiation of countervailing duty investigations) (Dep't Commerce, Dec. 9, 2014).

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

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

Petitioner asserts that there should be one domestic like product that is coextensive with the scope of Commerce's investigations.[18] SCC does not contest petitioner's proposed domestic like product definition.[19]

Physical Characteristics and Uses. Melamine is a white, crystalline granular chemical that is generally sold in the U.S. market at a purity level of greater than 99.8 percent.[20] All melamine has the same chemical composition. Melamine is used primarily to manufacture resins for laminates for kitchen and bathroom countertops, table tops, doors, and cabinets.[21]

Manufacturing Facilities, Production Processes, and Employees. All domestically produced melamine is produced on the same production equipment in a single facility, using the low-pressure process.[22] No other products can be produced on the same equipment used to manufacture melamine.[23]

Channels of Distribution. Information on the record shows that Cornerstone sold melamine primarily to ***.[24]

Interchangeability. All melamine has the same chemical composition and must meet the same industry standards when sold in the United States.[25] Petitioner asserts and SCC does not dispute that the general industry standard is a purity greater than 99.8 percent.[26]

Conclusion. All domestically produced melamine shares the same chemical composition and is typically used for the same purposes. The manufacturing facilities, production processes, and employees for domestically produced melamine are identical, as it is all produced at the same production facility. Because all domestically produced melamine has the same chemical composition and is produced to U.S. industry standards, it is interchangeable. Based on the record in the preliminary phase of these investigations and the lack of argument to the contrary, we define a single domestic like product, consisting of melamine, that is coextensive with Commerce's scope definition.

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[18] Petitioner Postconference Brief at 6-7. Petitioner asserts that all melamine has the same chemical formula and essentially the same physical characteristics and that all melamine is interchangeable for the same end uses. It also argues that all melamine produced in the United States is produced on the same production equipment in a single facility.

[19] Respondent Postconference Brief at 27.

[20] Conference Transcript ("Tr.") at 60 (Mikesell).

[21] CR at I-10, PR at I-8.

[22] Tr. at 23 (Mikesell). Melamine can be produced using a low-pressure catalytic process or a high pressure non-catalytic process. While the melamine that results from both processes is chemically the same, information on the record suggests that the impurities in melamine produced using the high-pressure process tend to be more acidic than the impurities in melamine produced using the low-pressure process. CR at I-12-13, PR at I-9.

[23] CR at I-15, PR at I-10.

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

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

[26] Tr. at 60 (Mikesell).

IV. Domestic Industry

The domestic industry is defined as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[27] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In light of the domestic like product definition, we define the domestic industry to encompass all U.S. producers of the melamine products described by the scope definition.[28] The sole domestic producer that provided data to the Commission in the preliminary phase of these investigations is petitioner Cornerstone.

V. Negligible Imports

Pursuant to Section 771(24) of the Tariff Act, imports from a subject country of merchandise corresponding to a domestic like product that account for less than 3 percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.[29]

Available data, based on official Commerce statistics, indicate that subject imports from each subject country exceed the requisite 3 percent statutory negligibility threshold. In the most recent 12-month period prior to the filing of the petition for which data are available, U.S. imports from China accounted for 34.6 percent of total imports of melamine by quantity, and U.S. imports from Trinidad and Tobago accounted for 30.7 percent of total imports of melamine

[27] 19 U.S.C. § 1677(4)(A).

[28] The scope of these investigations was amended after the filing of the petition to include blended melamine. Supplement to Petitions for the Imposition of Antidumping and Countervailing Duties at 2 (Nov. 24, 2014). Petitioner testified at the conference that another domestic entity, later identified as ***, purchases melamine and blends it with other constituent parts before reselling it. However, Petitioner asserts that because this company does not manufacture melamine, it is not part of the domestic industry. Petitioner Postconference Brief at 7 n.14. SCC asserts that if the scope of these investigations includes melamine blends, then the definition of the domestic industry should likewise include U.S. producers of melamine blends. SCC Postconference Brief at 27. The record does not indicate whether *** produces a melamine blend that falls within the scope definition or whether the process *** uses to produce this product is sufficient to constitute domestic production. In any final phase of these investigations, we intend to send questionnaires to any entities in the United States that are identified as engaging in the blending of melamine and seek further information as to the nature of their products and production processes. We also invite parties to comment in greater detail in any final phase of these investigations on whether any such entities should be included in the domestic industry.

[29] 19 U.S.C. §§ 1671b(a), 1673b(a), 1677(24)(A)(i), 1677(24)(B); *see also* 15 C.F.R. § 2013.1 (developing countries for purposes of 19 U.S.C. § 1677(36)).

by quantity.[30] We consequently find that imports from both subject countries are not negligible.

VI. Cumulation

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

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

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

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

(4) whether the subject imports are simultaneously present in the market.[31]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[32] Only a "reasonable overlap" of competition is required.[33]

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[30] CR at IV-7, PR at IV-6. We acknowledge that some of the subject imports from Trinidad and Tobago were later re-exported to Canada. However, even if we eliminate such imports from our calculations, subject imports from Trinidad and Tobago remain well above the negligibility threshold.

[31] *See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan*, Inv. Nos. 731-TA-278-80 (Final), USITC Pub. 1845 (May 1986), *aff'd*, *Fundicao Tupy, S.A. v. United States*, 678 F. Supp. 898 (Ct. Int'l Trade), *aff'd*, 859 F.2d 915 (Fed. Cir. 1988).

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

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

A. Analysis

Under the Tariff Act, subject imports from a country that is a beneficiary of the Caribbean Basin Economic Recovery Act ("CBERA") may only be cumulated with imports from another CBERA beneficiary country for purposes of determining material injury, or threat thereof, by reason of imports from the CBERA beneficiary country or countries.[34] Trinidad and Tobago is a CBERA beneficiary country, and consequently the Commission may not cumulate subject imports from China for purposes of its determinations on subject imports from Trinidad and Tobago.

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

Cornerstone asserts that subject imports from Trinidad and Tobago must be cumulated with imports from China for the purposes of making determinations with respect to subject imports from China because the statutory prerequisites for cumulation are satisfied.[35] SCC does not contest petitioner's assertion regarding cumulation for purposes of determinations on subject imports from China, and no Chinese respondent appeared in the preliminary phase of these investigations.

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

Fungibility. The record in the preliminary phase of these investigations indicates that melamine is highly substitutable regardless of source.[36] While SCC asserted that melamine produced in Trinidad and Tobago is not entirely interchangeable with domestically produced melamine due to the nature of the contaminants in the product, it also indicated that purchasers of melamine from Trinidad and Tobago have developed methods of effectively using melamine produced in Trinidad and Tobago in producing downstream products.[37] The domestic producer reported that melamine from all sources is *** interchangeable.[38] Most U.S. importers agreed that subject and domestic melamine are interchangeable.[39] Four importers reported that domestic melamine and subject imports from China are frequently interchangeable, and two importers reported that domestic melamine and subject imports

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[34] 19 U.S.C. § 1677(7)(G)(ii)(III). The responding parties agree that the CBERA statutory exception prohibits subject imports from Trinidad and Tobago from being cumulated with subject imports from China for the purposes of the Commission's determinations on subject imports from Trinidad and Tobago. Petitioner's Postconference Brief at 13; SCC Postconference Brief at 7-8.

[35] Petitioner's Postconference Brief at 13.

[36] CR at II-13-14, PR at II-8.

[37] CR at II-14, PR at II-8.

[38] CR/PR at Table II-4.

[39] CR at II-15, PR at II-9.

from China are sometimes interchangeable.[40] When comparing the domestic like product and melamine from Trinidad and Tobago, two importers reported that the products were always interchangeable, while one importer reported that they were sometimes interchangeable.[41] When comparing melamine from China and Trinidad and Tobago, two importers reported that the products were frequently interchangeable, and two reported that the products were sometimes interchangeable.[42]

Channels of Distribution. The domestic like product and subject imports from China and Trinidad and Tobago are primarily sold to ***.[43] From 2011 to 2013, *** percent of domestically produced melamine, *** subject imports from Trinidad and Tobago, and *** percent of subject imports from China were sold to distributors.[44]

Geographic Overlap. The sole domestic producer, Cornerstone, reported selling melamine ***. Importers of melamine from China reported selling to all regions of the United States, although primarily to the northeast, midwest, southwest, and Pacific coast.[45] The responding importer of melamine from Trinidad and Tobago reported selling product to ***.[46] There is consequently geographic overlap between the domestic like product, subject imports from China, and subject imports from Trinidad and Tobago.

Simultaneous Presence in Market. The record indicates that melamine from all sources was simultaneously present in the U.S. market. Melamine produced in the United States, China, and Trinidad and Tobago was sold in the United States in every quarter between January 2011 and September 2014.[47]

Conclusion. Based on the petitions being filed on the same day, and because the record indicates that there is a reasonable overlap of competition between and among the subject imports and the domestic like product, we cumulate subject imports from China and Trinidad and Tobago for our analysis of whether there is a reasonable indication of material injury by reason of subject imports from China. Since Trinidad and Tobago is a CBERA beneficiary country, we do not cumulate subject imports from Trinidad and Tobago with subject imports from China for purposes of our determinations on subject imports from Trinidad and Tobago.

VII. Reasonable Indication of Material Injury by Reason of Subject Imports

A. Legal Standard

In the preliminary phase of antidumping and countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United

[40] CR at II-15, PR at II-9.

[41] CR at II-15-16, PR at II-9.

[42] CR/PR at Table II-4.

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

[44] CR/PR at Table II-1. From January 2014 to September 2014 ("interim 2014"), *** percent of imports from China were sold to distributors.

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

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

[47] *See, e.g.*, CR/PR at Table V-4.

States is materially injured or threatened with material injury by reason of the imports under investigation.[48] In making this determination, the Commission must consider the volume of subject imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[49]

Section 771(7)(C)(i) of the Tariff Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[50]

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

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
>
> (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[51]

Section 771(7)(C)(iii) of the Tariff Act provides that the Commission, in examining the impact of the subject imports on the domestic industry, "shall evaluate all relevant economic factors which have a bearing on the state of the industry." These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development, and factors affecting domestic prices. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[52]

The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[53] Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured by reason of" unfairly traded imports,[54] it does not define the phrase "by reason of," indicating that this aspect of the injury analysis is left to the Commission's reasonable exercise of its discretion.[55] In identifying a

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[48] 19 U.S.C. §§ 1671b(a), 1673b(a).

[49] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[50] 19 U.S.C. § 1677(7)(C)(i).

[51] 19 U.S.C. § 1677(7)(C)(ii).

[52] 19 U.S.C. § 1677(7)(C)(iii).

[53] 19 U.S.C. § 1677(7)(A).

[54] 19 U.S.C. §§ 1671b(a), 1673b(a).

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

causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the "by reason of" standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.[56]

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.[57] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[58] Nor does the

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

[57] SAA, H.R. Rep. 103-316, Vol. I at 851-52 (1994) ("{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports."); S. Rep. 96-249 at 75 (1979) (the Commission "will consider information which indicates that harm is caused by factors other than less-than-fair-value imports."); H.R. Rep. 96-317 at 47 (1979) ("in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;" those factors include "the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry"); *accord Mittal Steel*, 542 F.3d at 877.

[58] SAA at 851-52 ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports."); *Taiwan Semiconductor Industry Ass'n* , 266 F.3d at 1345. ("{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports ... . Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports." (emphasis in original)); *Asociacion de Productores de Salmon y Trucha de Chile AG v. United States*, 180 F. Supp. 2d 1360, 1375 (Ct. Int'l Trade 2002) ("{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury" or make "bright-line distinctions" between the effects of subject imports and other causes.); *see also Softwood*

(Continued…)

"by reason of" standard require that unfairly traded imports be the "principal" cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.[59] It is clear that the existence of injury caused by other factors does not compel a negative determination.[60]

Assessment of whether material injury to the domestic industry is "by reason of" subject imports "does not require the Commission to address the causation issue in any particular way" as long as "the injury to the domestic industry can reasonably be attributed to the subject imports" and the Commission "ensure{s} that it is not attributing injury from other sources to

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(…Continued)
Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that "{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, *i.e*., it is not an 'other causal factor,' then there is nothing to further examine regarding attribution to injury"), *citing Gerald Metals,* 132 F.3d at 722 (the statute "does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.").

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

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

the subject imports."[61] [62] Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[63]

The Federal Circuit's decisions in *Gerald Metals*, *Bratsk,* and *Mittal Steel* all involved cases in which the relevant "other factor" was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit's guidance in *Bratsk* as requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.[64] The additional "replacement/benefit" test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the *Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago* determination that underlies the *Mittal Steel* litigation.

Mittal Steel clarifies that the Commission's interpretation of *Bratsk* was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have "evidence in the record 'to show that the harm occurred 'by reason of' the LTFV imports,'" and requires that the Commission not attribute injury from nonsubject imports or other factors to

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[61] *Mittal Steel*, 542 F.3d at 877-78; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology.") *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

[62] Vice Chairman Pinkert does not join this paragraph or the following three paragraphs. He points out that the Federal Circuit, in *Bratsk*, 444 F.3d 1369, and *Mittal Steel*, held that the Commission is *required*, in certain circumstances when considering present material injury, to undertake a particular kind of analysis of non-subject imports, albeit without reliance upon presumptions or rigid formulas. *Mittal Steel* explains as follows:

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

542 F.3d at 878.

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

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

subject imports.[65] Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to *Bratsk*.

The progression of *Gerald Metals*, *Bratsk*, and *Mittal Steel* clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.[66] The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard.[67] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[68]

B. Conditions of Competition and the Business Cycle

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

1. Demand Conditions

Demand for melamine is driven by demand for downstream products which incorporate melamine resins. Although melamine resins are used in a wide variety of applications, the majority of melamine resins are used to produce laminates for kitchen and bathroom countertops, table tops, doors, and cabinets.[69] Information on the record suggests that overall demand for melamine will experience small changes in response to price changes.[70] The parties have characterized U.S. demand as increasing, and no market participant reported that U.S. demand had declined.[71] Apparent U.S. consumption of melamine declined from *** pounds in

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

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

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

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

[69] CR at I-10, PR at I-8.

[70] CR at II-11, PR at II-6.

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

2011 to *** pounds in 2012, and then increased to *** pounds in 2013.[72] It was *** pounds in January – September ("interim") 2013 and *** pounds in interim 2014.[73]

2. Supply Conditions

During the POI, the U.S. melamine market was supplied by the domestic industry, subject imports, and imports from nonsubject sources. The domestic industry was the largest supplier to the U.S. market throughout the POI.[74] Its market share decreased from *** percent in 2011 to *** percent in 2012 and *** percent in 2013.[75] It was *** percent in interim 2013 and *** percent in interim 2014.[76] A Cornerstone witness testified that in 2013 the firm experienced equipment failure that caused it to revert to older equipment and it subsequently warned its contract customers of possible supply concerns which did not ultimately occur.[77]

The market share of cumulated subject imports decreased from *** percent in 2011 to *** percent in 2012, then increased to *** percent in 2013. The market share of cumulated subject imports was *** percent in interim 2013 and *** percent in interim 2014.[78]

The market share of subject imports from Trinidad and Tobago rose from *** percent in 2011 to *** percent in 2012, and then declined to *** percent in 2013. It was higher in interim 2013 (*** percent) than in interim 2014 (*** percent).[79] SCC's witness testified that because SCC experienced supply issues, it had to substitute melamine from third countries for melamine from Trinidad and Tobago during the POI.[80] The witness also stated that the producer in Trinidad and Tobago has had a history of melamine production disruptions and supply shortages on an almost continual basis since 2011 due to irregular gas supply.[81]

The market share of nonsubject imports increased from *** percent in 2011 to *** percent in 2012 and *** percent in 2013. It was higher in interim 2013 (*** percent) than in

[72] CR/PR at Table C-3. SCC argues that the Commission should take into account that approximately *** percent of its imports of subject merchandise from Trinidad and Tobago are later exported to Canada. SCC Postconference Brief at 29. While information on the record indicates that such imports entered U.S. customs territory and were not warehoused under bond or in a free-trade zone, we have relied on U.S. shipment data when calculating the volume of imports from Trinidad and Tobago as well as apparent U.S. consumption because the re-exported product was not ultimately destined for the U.S. market. The data we have used are provided in CR/PR Tables C-3-4, and ALT-1-D-1.

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

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

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

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

[77] Tr. at 79 (Zoglio).

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

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

[80] Tr. at 90 (Spencer).

[81] Tr. at 93, 107 (Spencer).

interim 2014 (*** percent).[82] The principal sources of nonsubject imports in 2013 were Netherlands, Germany, and Qatar.[83]

3. Substitutability and Other Conditions

Based on the record in the preliminary phase of these investigations, we find that there is a high degree of substitutability among domestically produced melamine and subject imports from China and Trinidad and Tobago. The record indicates that all melamine has the same chemical composition and that, when sold in the United States, it must meet the same industry standards of purity.[84] As discussed above, most responding producers and importers stated that domestically produced melamine was frequently or always interchangeable with melamine from China and Trinidad and Tobago and that melamine from the subject countries was frequently, always, or sometimes interchangeable between subject sources.[85]

Petitioner agrees that melamine from all sources is highly substitutable. SCC, however, contends that subject imports from Trinidad and Tobago are not highly substitutable with domestically produced melamine. It asserts that the melamine it imports from Trinidad and Tobago has been rejected by certain customers in the United States because it contains a higher percentage of acidic impurities than domestic melamine and is more prone to clumping. SCC added that some of its customers found such melamine more difficult to process.[86] SCC also reported, however, that purchasers of melamine from Trinidad and Tobago have developed methods of effectively using such melamine in the downstream products that they produce.[87] We will explore possible limits on substitutability between melamine from different sources in any final phase of these investigations.

We find that price is an important consideration for purchasers of melamine. Both *** and SCC agree that price is a key purchasing factor, and the majority of responding producers and importers reported that other non-price factors are sometimes or never significant in sales of melamine from domestic, subject, and nonsubject sources.[88]

Both petitioner and SCC reported that melamine plants must operate continuously in order to be efficient.[89] The primary raw materials for melamine production are ammonia, carbon dioxide, and energy. Raw materials accounted for *** percent of the cost of goods sold ("COGS") of domestically produced melamine in 2013.[90] Responding parties generally agree that U.S. prices for the raw materials used to produce melamine *** during the POI.[91]

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[82] CR/PR at Table C-4.
[83] CR at IV-5, PR at IV-4.
[84] *See* Tr. at 60 (Mikesell).
[85] CR/PR at Table II-4.
[86] Tr. at 109 (Spencer).
[87] CR at II-14, PR at II-8.
[88] CR at II-15-16, PR at II-9; CR/PR at Table II-5.
[89] CR at III-2, PR at III-1.
[90] CR at V-1, PR at V-1.
[91] CR at V-1, PR at V-1.

C. Determinations on Subject Imports from China

1. Volume of Cumulated Subject Imports

The volume of cumulated subject imports, as measured by quantity, declined from *** pounds in 2011 to *** pounds in 2012, and then increased to *** pounds in 2013, rising by *** percent over this period.[92] Cumulated subject imports were *** pounds in interim 2013 and *** pounds in interim 2014.[93] The market share of cumulated subject imports fluctuated on an annual basis and was at substantial levels throughout the POI. Market share decreased from *** percent in 2011 to *** percent in 2012, and then increased to *** percent in 2013. Subject import market share was *** percent in interim 2013 and *** percent in interim 2014.[94]

We find for purposes of the preliminary phase of these investigations that the volume of cumulated subject imports is significant both in absolute terms and relative to consumption in the United States.

2. Price Effects of Cumulated Subject Imports

As stated above, we find that there is a high degree of substitutability between domestically produced melamine and melamine imported from subject countries and that price is an important factor in purchasing decisions.

The Commission requested quarterly pricing data for three pricing products.[95] It received usable pricing data from questionnaire responses submitted by the U.S. producer and seven importers, although not all firms reported pricing data for all products for all quarters.[96] Pricing data reported by these firms accounted for 100 percent of the U.S. producer's U.S. commercial shipments of the domestic like product, 48 percent of U.S. shipments of subject imports from China, and *** percent of U.S. shipments of subject imports from Trinidad and Tobago during the POI.[97]

There was predominant underselling by cumulated subject imports over the POI. Cumulated subject imports undersold the domestic like product in *** of *** instances, at margins ranging from *** to *** percent.[98] Cumulated subject imports oversold the domestic like product in *** of *** instances, at prices that were *** to *** percent higher than prices

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[92] CR/PR at Table C-4. We observe that the volume of subject imports from China declined sharply in 2012 and intend to seek information from parties regarding possible reasons for this decline in any final phase of these investigations.

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

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

[95] CR at V-5, PR at V-3. The pricing products include the following:

Product 1 – Unground melamine crystal unpackaged in bulk.

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

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

[96] CR at V-5, PR at V-3.

[97] CR at V-5, PR at V-3.

[98] CR/PR at Table V-7.

for the domestic like product.[99] The volume of cumulated subject imports that undersold the domestic like product amounted to 79.8 percent of the volume of cumulated subject imports accounted for in the pricing data.[100] In light of these considerations, we find for purposes of these preliminary determinations that there has been significant price underselling by cumulated subject imports.

Prices for all three domestically produced pricing products were lower at the end of the POI than at the beginning.[101] The declines in prices between the first quarter of 2011 and the third quarter of 2014 ranged from *** percent to *** percent for the three domestically produced pricing products.[102] The current record indicates that the magnitude of the price declines cannot be fully explained by factors such as changes in demand or costs. As previously discussed, no market participant reported that demand declined during the POI, and apparent U.S. consumption rose between 2011 and 2013 and was *** lower in interim 2014 than in interim 2013.[103] The domestic industry's COGS increased on a unit basis from 2011 to 2013 and was the same in interim 2013 and interim 2014.[104] Prices for the subject imports fell by substantial margins during the POI.[105] Consequently, for purposes of these preliminary determinations, we determine that the subject imports have had significant price-depressing effects. The record also contains evidence of a high volume of confirmed instances of sales and revenues lost by the domestic industry to cumulated subject imports that occurred due to their lower prices.[106]

In light of these considerations, for purposes of these preliminary determinations, we find that cumulated subject imports significantly undersold the domestic like product and had significant adverse price effects on the domestic industry during the POI.

3. Impact of Cumulated Subject Imports[107]

The domestic industry experienced deteriorating performance over the POI with regard to various indicators, including production, capacity utilization, shipments, market share, and inventories. Production declined from *** pounds in 2011 to *** pounds in 2012 and was ***

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[99] CR/PR at Table V-7.

[100] *See* CR/PR at Table V-7

[101] *See* CR/PR at Tables V-3-5.

[102] CR/PR at Table V-6.

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

[104] CR/PR at Table VI-2. Raw materials costs declined *** from 2011 to 2013 and were *** lower in interim 2014 than in interim 2013. *Id.*

[105] CR/PR at Table VI-6.

[106] CR/PR at Tables V-8-9. Two purchasers confirmed lost sales of *** pounds and $*** and lost revenues of *** pounds and $***.

[107] In its notice initiating the antidumping duty investigation on melamine from China and Trinidad and Tobago, Commerce reported estimated dumping margins ranging from 255.44 to 336.31 percent for imports from China and from 166.9 to 189.1 percent for imports from Trinidad and Tobago. *Melamine from the People's Republic of China and Trinidad and Tobago*, 79 Fed. Reg. 73037 (initiation of less-than-fair-value investigations) (Dec. 9, 2014).

pounds in 2013.[108] Production was *** pounds in interim 2013 and *** pounds in interim 2014.[109] The domestic industry's capacity was unchanged at *** pounds from 2011 to 2013, and was *** pounds during the interim periods. Capacity utilization decreased from *** percent in 2011 to *** percent in 2012 and was *** percent in 2013. It was *** percent in interim 2013 and *** percent in interim 2014.[110] The domestic industry's U.S. shipments by quantity decreased over the POI. They declined from *** pounds in 2011 to *** pounds in 2012 and *** pounds in 2013. They were *** pounds in interim 2013 and *** pounds in interim 2014.[111] Inventories fluctuated on an annual basis, decreasing from *** pounds in 2011 to *** pounds in 2012, then increasing to *** pounds in 2013. They were *** pounds in interim 2013 and *** pounds in interim 2014.[112] The domestic industry's share of the U.S. market increased slightly from *** percent in 2011 to *** percent in 2012 before declining to *** percent in 2013. It was *** percent in interim 2013 and *** percent in interim 2014.[113]

Most employment indicators rose over the POI. The domestic industry's number of production and related workers increased from *** in 2011 to *** in 2012 and *** in 2013.[114] It was *** in interim 2013 and *** in interim 2014. Hours worked[115] and wages paid[116] also increased over the POI, although labor productivity decreased.[117]

The domestic industry had poor financial performance throughout the POI. Net sales by value declined from $*** in 2011 to $*** in 2012 and $*** in 2013. Net sales value was $*** in interim 2013 and $*** in interim 2014.[118] Total COGS, by contrast, rose in 2012, declined in 2013, and was higher in interim 2014 than interim 2013. The domestic industry's ratio of COGS to net sales increased from *** percent in 2011 to *** percent in 2013 and was *** percent interim 2013 and *** percent in interim 2014.[119] The industry's operating income decreased from *** in 2011 to *** in 2012, and then improved to *** in 2013. Operating performance was *** in interim 2013 and *** in interim 2014. The industry's ratio of operating income to net sales declined from *** percent in 2011 to *** percent in 2012 and then increased *** to

[108] CR/PR at Table III-1.

[109] CR/PR at Table III-1.

[110] CR/PR at Table III-1.

[111] CR/PR at Table III-2.

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

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

[114] CR/PR at Table III-4.

[115] CR/PR at Table III-4. Total hours worked increased from *** in 2011 to *** in 2012, and then to *** in 2013. They were *** in interim 2013 and *** in interim 2014.

[116] CR/PR at Table III-4. Wages paid increased from $*** in 2011 to $*** in 2012 and $*** in 2013. They were $*** in interim 2013 and $*** in interim 2014.

[117] CR/PR at Table III-4. Labor productivity decreased from *** pounds per hour in 2011 to *** pounds per hour in 2012 and *** pounds per hour in 2013. It was *** pounds per hour in interim 2013 and *** pounds per hour in interim 2014.

[118] CR/PR at Table VI-1.

[119] CR/PR at Table VI-1. In any final phase of these investigations, we intend to seek information as to the factors that have driven changes in COGS and as to the reasons for the very high ratios of COGS to net sales observed throughout the POI.

*** percent in 2013. It was *** percent in interim 2013 and *** percent in interim 2014.[120] Capital expenditures and research and development ("R&D") expenses fluctuated over the POI. Capital expenditures decreased from $*** in 2011 to $*** in 2012, then increased to $*** in 2013. They were $*** in interim 2013 and $*** in interim 2014.[121] R&D expenses decreased from $*** in 2011 to $*** in 2012, then increased to $*** in 2013. They were $*** in interim 2013 and $*** in interim 2014.[122]

As discussed above, we have found that the volume of cumulated subject imports was significant over the POI and that these imports significantly undersold the domestic like product and caused significant price declines and lost sales. Notwithstanding some increases in apparent consumption, the domestic industry experienced lower revenues because of the price declines. These lower revenues, in turn, caused poor and declining operating performance. Therefore, for purposes of these preliminary determinations, we find that that the significant volume of cumulated subject imports, sold at prices that consistently undersold the domestic like product and depressed domestic prices, had a significant impact on the domestic industry.

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the POI to ensure that we are not attributing injury from other such factors to the subject imports. The volume of nonsubject imports increased over the POI, from 22.0 million pounds in 2011 to 28.0 million pounds in 2012 and 32.5 million pounds in 2013. They were 24.3 million pounds in interim 2013 and 21.3 million pounds in interim 2014.[123] Nonsubject imports also increased their share of the U.S. market, from *** percent in 2011 to *** percent in 2012 and *** percent in 2013. They were *** percent in interim 2013 and *** percent in interim 2014.[124] Nonetheless, pricing data on the record indicate that nonsubject imports typically oversold cumulated subject imports.[125] Consequently, the adverse effects of the cumulated subject imports are distinct from any effects attributable to the nonsubject imports.[126]

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[120] CR/PR at Table VI-1.

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

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

[123] CR/PR at Table IV-6.

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

[125] CR/PR at Table D-3. Nonsubject imports undersold cumulated subject imports in *** of *** quarterly price comparisons and oversold cumulated subject imports in *** of *** quarterly price comparisons.

[126] Based on the record evidence in the preliminary phase of these investigations, Vice Chairman Pinkert finds that price competitive, nonsubject imports were a significant factor in the U.S. market for melamine during the period of investigation. CR/PR at Table C-1. He notes, however, that, regardless of whether melamine constitutes a commodity product, the record does not support finding that nonsubject imports would have replaced subject imports during the period of investigation without benefit to the domestic industry if subject imports had exited the U.S. market. Nonsubject imports did not account for more than *** percent of the U.S. market in any year of the period. *Id.* In addition, China is the largest global producer and exporter of melamine, CR/PR at VII-3, and when combined with Trinidad and Tobago accounts for an even greater share of world production and exports. *Id.* at VII-3, VII-7. Moreover, the available price data indicate that imports of melamine from nonsubject countries (Continued…)

SCC contends that *** are the primary cause of *** during the POI.[127] It argues that ***.[128] SCC argues that data on the record show that ***.[129] Nonetheless, the price effects we have found pertain to the domestic industry's sales of the domestic like product in the United States, not to its export sales, and the adverse impact we have found as a result of these price effects is therefore distinguishable from any effects attributable to insufficient or declining revenues from export sales.[130]

In sum, the record in the preliminary phase of these investigations indicates that the cumulated subject imports had a significant impact on the domestic industry and that there is a reasonable indication of material injury by reason of cumulated subject imports. We therefore reach affirmative preliminary determinations with respect to cumulated subject imports from China.

D. Determinations on Subject Imports from Trinidad and Tobago

1. Volume of the Subject Imports

The volume of subject imports from Trinidad and Tobago increased from *** pounds in 2011 to *** pounds in 2012, and then declined to *** pounds in 2013. The volume of subject imports from Trinidad and Tobago was *** pounds in interim 2013 and *** pounds in interim 2014.[131] SCC asserts, and the record corroborates, that the declines in subject imports from Trinidad and Tobago during 2013 and interim 2014 were attributable to production disruptions that the producer in Trinidad and Tobago was experiencing.[132]

Subject imports from Trinidad and Tobago as a share of apparent U.S. consumption fluctuated during the POI, but were at substantial levels throughout the period. The market share of subject imports from Trinidad and Tobago increased from *** percent in 2011 to *** percent in 2012, and then declined to *** percent in 2013. It was *** percent in interim 2013 and *** percent in interim 2014.[133]

For purposes of these preliminary determinations, we find that the volume of subject imports from Trinidad and Tobago is significant both in absolute terms and relative to consumption in the United States.

(…Continued)
were sold at higher prices than melamine originating either in China or Trinidad and Tobago. CR/PR at Table D-3.

[127] SCC Postconference Brief at 19.

[128] SCC Postconference Brief at 20.

[129] SCC Postconference Brief at 20, Exh. 3. Petitioner asserts that the presence of subject imports in the U.S. market forced it to export "some quantities" of melamine to third countries. Tr. at 32 (Driscoll). In any final phase of these investigations, we intend to seek further information on the nature of petitioner's export sales.

[130] *See, e.g.*, CR/PR at Table C-1.

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

[132] Tr. at 107 (Spencer); *see also* CR at VII-8, PR at VII-4;CR/PR at Table VII-3.

[133] CR/PR at Table IV-6.

1. Price Effects of the Subject Imports

As stated above, we find that there is a high degree of substitutability between domestically produced melamine and melamine imported from subject countries and that price is an important factor in purchasing decisions.

Subject imports from Trinidad and Tobago undersold the domestic like product in *** of *** comparisons at margins ranging from *** to *** percent.[134] In the remaining *** instances where subject imports from Trinidad and Tobago oversold the domestic like product, they were only *** to *** percent higher than the domestic like product.[135] The volume of subject imports that undersold the domestic like product amounted to *** percent of the volume of subject imports accounted for in the pricing data.[136] In light of the pervasive underselling and the importance of price in purchasing decisions, we find the underselling by subject imports from Trinidad and Tobago to be significant.[137]

U.S. prices for all three pricing products were lower at the end of the POI than at the beginning.[138] The declines in prices between the first quarter of 2011 and the third quarter of 2014 ranged from *** percent to *** percent for the three domestically produced pricing products; for product 2 specifically, the change in price over this period was *** percent.[139] The current record indicates that the magnitude of the price declines cannot be explained by factors such as changes in demand or costs. As previously discussed, no market participant reported that demand declined during the POI, and apparent U.S. consumption rose between 2011 and 2013 and was *** lower in interim 2014 than in interim 2013.[140] The domestic industry's cost of goods sold ("COGS") increased on a unit basis from 2011 to 2013 and was the same in both interim 2013 and interim 2014.[141] By contrast, for the one pricing product for which pricing data for imports from Trinidad and Tobago were reported, prices of subject

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[134] CR/PR at Table V-7.

[135] CR/PR at Table V-7.

[136] *See* CR/PR at Table V-7.

[137] The domestic producer made *** lost sales allegations and *** lost revenue allegations, and purchasers confirmed *** instances of lost sales and lost revenue to subject imports. The volume of these affected sales was high. Confirmed lost sales totaled *** pounds, while confirmed lost revenue pertained to sales of *** pounds. CR/PR at Tables V-8-9. The two purchasers that indicated switching from domestic to subject imports reported doing so for price reasons. CR/PR at Table V-10. The record is unclear, however, as to whether these sales and revenues were lost to subject imports from China or subject imports from Trinidad and Tobago. We intend to seek further clarification on this in any final phase of these investigations.

[138] *See* CR/PR at Tables V-3-5.

[139] CR/PR at Table V-6. SCC contends that there is no causal link between subject imports from Trinidad and Tobago and petitioner's prices because ***. SCC Postconference Brief at 12-13. The only difference between these pricing products is with regard to packaging. *See* CR at V-5, PR at V-3. We intend to examine whether price changes in one product carry over to other products in any final phase of these investigations.

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

[141] CR/PR at Table VI-2. Raw materials costs declined *** from 2011 to 2013, and were *** lower in interim 2014 than interim 2013. *Id.*

imports from Trinidad and Tobago fell by *** percent during the POI.[142] Consequently, we determine that the subject imports from Trinidad and Tobago had significant price-depressing effects.

In light of these considerations, for purposes of these preliminary phase determinations, we find that subject imports from Trinidad and Tobago significantly undersold the domestic like product and had significant price effects on the domestic industry during the POI.

2. Impact of the Subject Imports[143]

We incorporate by reference the discussion in section VII.C.3. above concerning the domestic industry's performance during the POI. As that discussion indicates, during the POI the domestic industry experienced declines in production, capacity utilization, shipments, and net sales by value, while its financial performance also worsened.

We have also found that the volume of subject imports from Trinidad and Tobago was significant over the POI and that these imports significantly undersold the domestic like product to a significant degree and caused significant price declines. Notwithstanding some increases in reported demand and apparent consumption, the domestic industry experienced lower revenues because of the price declines. These lower revenues, in turn, caused poor and declining operating performance. Accordingly, for purposes of these preliminary determinations, we find that there is a reasonable indication that the significant volume of subject imports from Trinidad and Tobago, sold at prices that consistently undersold the domestic like product and depressed domestic prices, had a significant impact on the domestic industry

We have also considered whether there are other factors that may have had an adverse impact on the domestic industry during the period of investigation to ensure that we are not attributing injury from such other factors to the subject imports. The volume of imports from sources other than Trinidad and Tobago fluctuated upwards during the POI, declining from *** pounds in 2011 to *** pounds in 2012, and then increasing to *** pounds in 2013. The volume of imports from sources other than Trinidad and Tobago was *** pounds in interim 2013 and *** pounds in interim 2014.[144] Imports from sources other than Trinidad and Tobago as a share of the U.S. market declined from *** percent in 2011 to *** percent in 2012, and then increased to *** percent in 2013. They were *** percent in interim 2013 and *** percent in interim 2014.[145]

Despite this observed increase in imports from sources other than Trinidad and Tobago, pricing data on the record indicate that these imports oversold subject imports from Trinidad

[142] CR/PR at Table V-6.

[143] In its notice initiating the antidumping duty investigation on melamine from Trinidad and Tobago, Commerce reported estimated dumping margins ranging from 166.9 to 189.1 percent. *Melamine from the People's Republic of China and Trinidad and Tobago*, 79 Fed. Reg. 73037 (Dec. 9, 2014).

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

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

and Tobago in *** of *** quarterly price comparisons.[146] Therefore, the adverse effects of subject imports from Trinidad and Tobago are distinct from any effects attributable to the imports from other sources.[147] [148]

In sum, the record in the preliminary phase of these investigations indicates that subject imports from Trinidad and Tobago had a significant impact on the domestic industry. We therefore find a reasonable indication that the domestic industry is materially injured by reason of subject imports from Trinidad and Tobago.

VIII. Conclusion

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports of melamine from China and Trinidad and Tobago.

[146] CR/PR at Table ALT-1-D-3.

[147] Based on the record evidence in the preliminary phase of these investigations, Vice Chairman Pinkert finds that price competitive, nonsubject imports were a significant factor in the U.S. market for melamine during the period of investigation. CR/PR at Table C-1. He further notes, however, that, regardless of whether melamine constitutes a commodity product, the record does not support finding that nonsubject imports would have replaced subject imports from Trinidad and Tobago during the period of investigation without benefit to the domestic industry if subject imports had exited the U.S. market. The available price data indicate that imports of melamine from China, Germany, and the Netherlands were *** than melamine originating in Trinidad and Tobago. See CR at Table D-3.

[148] SCC contends that a negative determination is warranted because imports from other sources would simply have replaced subject imports from Trinidad and Tobago without benefit to the domestic industry. SCC Postconference Brief at 21. Even assuming *arguendo* that there would have been replacement of subject imports from Trinidad and Tobago by imports from other sources and that this is legally pertinent to our analysis, the record indicates that the domestic industry would have benefitted because prices for melamine from nonsubject sources were generally higher than prices for melamine from Trinidad and Tobago. Consequently, these imports would not have had the same adverse price effects as the subject imports from Trinidad and Tobago.

As stated above, the price effects we have found pertain to the domestic industry's sales of the domestic like product in the United States, not to its export sales, and the adverse impact we have found as a result of these price effects is consequently distinguishable from any attributable to insufficient revenues from export sales. We nevertheless intend to seek further information on the nature of *** in any final phase of these investigations.

PART I: INTRODUCTION

BACKGROUND

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

Effective date	Action
November 12, 2014	Petition filed with Commerce and the Commission; institution of Commission investigation (79 FR 68699, November 18, 2014)
December 3, 2014	Commission's conference
December 9, 2014	Commerce's notices of initiation (79 FR 73030, 73037)
December 29, 2014	Commission's vote
December 30, 2014	Commission's determinations
January 7, 2015	Commission's views

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

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

[3] A list of witnesses appearing at the conference is presented in app. B of this report.

determination regarding whether there is material injury by reason of imports.

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

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

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV* and *V* present the volume of subject imports and pricing of domestic and imported products, respectively. *Part VI* presents information on the financial experience of the U.S. producer. *Part VII* presents the statutory requirements and information

obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

MARKET SUMMARY

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

Apparent U.S. consumption of melamine totaled approximately *** pounds ($***) in 2013. Cornerstone's U.S. shipments of melamine totaled *** pounds ($***) in 2013, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from subject sources totaled 49.8 million pounds ($34.1 million) in 2013 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. imports from nonsubject sources totaled 32.5 million pounds ($23.2 million) in 2013 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in these investigations is presented in appendix C, table C-1. U.S. industry data are based on Cornerstone's questionnaire response that accounted for all U.S. production of melamine from January 2011 through September 2014. U.S. imports are based on official import data and on questionnaire responses from eight U.S. importers that are believed to have accounted for 49.5 percent of imports from China and for all imports from Trinidad and Tobago between January 2011 and September 2014.

[4] Petition, p. 3.
[5] Petition, p. 4.

PREVIOUS AND RELATED INVESTIGATIONS

The Commission has conducted several trade remedy investigations concerning melamine. In February 1977, The Treasury Department imposed an antidumping duty finding concerning melamine from Japan.[6] In 1999, Commerce and the Commission issued affirmative sunset review determinations, continuing the order against imports of melamine from Japan.[7] The order was revoked effective September 1, 2004, after no domestic party responded to the notice of initiation.[8]

The Commission also conducted an antidumping investigation in 1979 concerning melamine in crystal form from Austria, Italy, and the Netherlands. The Commission's investigation was terminated in April 1980 because Commerce issued a final determination of no LTFV sales. An additional case concerning melamine from Brazil was conducted in 1982. The Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded, by reason of allegedly LTFV imports of melamine from Brazil.[9]

In addition, in February 1997, Commerce imposed an antidumping duty order on melamine institutional dinnerware from China, Indonesia, and Taiwan.[10] The order was revoked effective February 5, 2002, after no domestic party responded to the notice of initiation.[11]

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged subsidies

On December 9, 2014, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigations on melamine from China and Trinidad and Tobago.[12] Commerce initiated an investigation of the following alleged subsidy programs in China.

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

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

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

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

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

[11] *Notice of Final Results*, 67 FR 7355, February 25, 2002.

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

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

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

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

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

E. Grants
   1. State Key Technology Renovation Project Fund
   2. Environmental Protection Special Fund
   3. Grants to Cover Legal Fees in Trade Remedy Cases
   4. Special Fund for Energy Saving Technology Reform
   5. Clean Production Technology Fund
   6. Grants for Listing Shares
   7. Direct Government Grants to Sichuan Golden-Elephant Sincerity Chemical Co., Ltd.
   8. Direct Government Grants to Anhui Jinhe Industrial Co., Ltd.
   9. Direct Government Grants to Sichuan Chemical Co., Ltd.
   10. Direct Government Grants to Shandong Liaherd Chemical Industry Co., Ltd.

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

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

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

C. Land and Building Taxes

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

E. Provision of Electricity for LTAR

Alleged sales at LTFV

On December 9, 2014, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on melamine from China and Trinidad and Tobago.[13] Commerce has initiated antidumping duty investigations based on estimated dumping margins between 255.44 and 363.31 percent for product from China and between 166.9 and 189.1 percent for product from Trinidad and Tobago.

THE SUBJECT MERCHANDISE

Commerce's scope

Commerce has defined the scope of this investigation as follows:[14]

[13] *Melamine from the People's Republic of China and Trinidad and Tobago: Initiation of Less-Than-Fair-Value Investigations*, 79 FR 73037, December 9, 2014.

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

The scope of these investigations is melamine (Chemical Abstracts Service ("CAS") registry number 108-78-01, molecular formula $C_3H_6N_6$).[15] *Melamine is a crystalline powder or granule typically (but not exclusively) used to manufacture melamine formaldehyde resins. All melamine is covered by the scope of these investigations irrespective of purity, particle size, or physical form. Melamine that has been blended with other products is included within this scope when such blends include constituent parts that have been intermingled, but that have not been chemically reacted with each other to produce a different product. For such blends, only the melamine component of the mixture is covered by the scope of these investigations. Melamine that is otherwise subject to these investigations is not excluded when commingled with melamine from sources not subject to these investigations. Only the subject component of such commingled products is covered by the scope of these investigations.*

The subject merchandise is provided for in subheading 2933.61.0000 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading and CAS registry number are provided for convenience and customs purposes, the written description of the scope is dispositive.

Tariff treatment

Based upon the scope set forth by the Department of Commerce, information available to the Commission indicates that the merchandise subject to these investigations is classifiable in subheading 2933.61.00 of the 2014 HTS. The column-1 general rate of duty is 3.5 percent ad valorem.

THE PRODUCT

Description and applications

Melamine ($C_3H_6N_6$, CAS number 108-78-1) is an organic chemical most commonly used in the production of melamine-formaldehyde (MF) resins.[16] Melamine is sold as a white,

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

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

crystalline powder with a purity of 99.8 percent.[17] Melamine has a melting point of approximately 350 degrees Celsius, with vaporization, and is only slightly soluble in water.[18]

MF resins, the primary use for melamine, are used in the production of laminates, surface coatings, adhesives, molding compounds, paper treatments, and other applications. Laminates, which accounted for *** percent of melamine use in 2013, are used in kitchen and bathroom countertops, table tops, doors, and cabinets.[19] MF resins provide hardness, transparency, and stain resistance for a long-lasting working surface.[20] ***.[21] Other uses for MF resins include surface coatings (*** percent of U.S. melamine consumption in 2013), wood adhesives (*** percent), molding compounds (*** percent), paper treatment (*** percent), textile treatment (*** percent), and other applications (*** percent) in the automotive, furniture, appliance, and other industries.[22]

One application of melamine that might see more growth in the future is the addition of melamine to phenol-formaldehyde and phenol-urea-formaldehyde resins used in composite wood products such as oriented strand board, medium-density fiberboard, and plywood.[23] Melamine has not typically been used in these applications, but addition of melamine to these resins is one method of reducing formaldehyde emissions. Regulations requiring reduced formaldehyde emissions from composite wood products went into effect in California in 2009.[24] Although current use of melamine in this application is small, these and other regulations could lead to an increase in the use of melamine in the future.

According to conference testimony, melamine used in some specialized, flame-retardant applications requires a powder that is more finely ground than the melamine product as it is typically sold.[25] However, these specialty applications have essentially disappeared in the United States. The petitioner is not aware of any of this type of finely ground melamine currently being sold in the U.S. market by the domestic producer or producers in the subject countries.[26]

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[17] Petition, p. 3.

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

[19] Petition, p. 3.

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

[21] Petition, p. 3.

[22] Petition, pp. 3–4.

[23] Conference transcript, pp. 84–85 (Zoglio).

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

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

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

Manufacturing processes

The two most common processes used in the production of melamine are a low-pressure, catalytic process developed by DSM and a high-pressure, non-catalytic process developed by Eurotecnica.[27] The domestic producer, Cornerstone, uses the low-pressure process[28] while the producer in Trinidad and Tobago and many of the producers in China use the high-pressure process. Both of these processes are licensed technologies. According to conference testimony, the owner of the license for the low pressure technology used by Cornerstone issued very few licenses for this technology, but the owner of the high pressure technology is an Italian engineering firm whose business model is licensing and building plants.[29]

In both processes, melamine is made from the thermal decomposition of urea (CH_4N_2O), which is made from the raw materials ammonia (NH_3) and carbon dioxide (CO_2).[30] Ammonia and carbon dioxide are reacted under heat and pressure to produce urea in an aqueous solution. The urea solution is concentrated and heated to produce melamine.[31] Both the low-pressure process and the high pressure process produce melamine to the desired purity level.

The petition states that the melamine produced by both processes has the same characteristics, specifications, and uses;[32] however, conference testimony stated that there are minor differences in melamine produced in the high pressure process that might affect some customers.[33] Two differences in the melamine produced by the high pressure process are (1) higher levels of fines[34] and (2) the presence of certain impurities that can affect the formulations used by the customer. The higher levels of fines in the melamine from the high pressure process can cause problems with the product clumping, making the product more difficult to ship in railcars or equivalent high volumes.[35] Melamine from the low pressure process does not have the same problem with clumping and is easier to deliver in bulk. Melamine from the high pressure process contains certain impurities, namely oxi amino triazines, among others, that make the product unusable for some customers.[36]

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

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

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

[30] Petition, pp. 5–6, and conference transcript, p. 21 (Mikesell).

[31] Conference transcript, p. 21 (Mikesell).

[32] Petition, p. 6.

[33] Conference transcript, p. 93–94 (Spencer).

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

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

[36] Conference transcript, pp. 94 and 104 (Spencer).

DOMESTIC LIKE PRODUCT ISSUES

The petitioner contends that the domestic like product should be defined as coextensive with the scope of the investigations as defined by Commerce.[37] The scope includes melamine that has been blended with other products when such blends include constituent parts that have been intermingled, but that have not been chemically reacted with each other to produce a different product. However, for such blends, only the melamine component of the mixture is covered by the scope of these investigations. The petitioner thus argues that the domestic like product only includes melamine and does not include any constituent parts intermingled with melamine, and it does not include the blend itself.[38]

The petitioner is only aware of one U.S. firm, *** that has blended melamine with other constituent parents for resale as a blend during the period of investigation.[39] [40] Neither party is aware of any imports of such blended products during the period of investigation.[41]

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

Melamine is a fine, white crystalline powder that typically contains by weight a minimum of 99.8 percent melamine and has a molecular weight of 126.13, a specific density of 1.573 g/cc (depending on particle size), and a melting point of approximately 354 °C, with sublimation.[42] All melamine has the same chemical composition.[43]

Melamine is produced by first reacting ammonia and carbon dioxide under heat and extreme pressure to produce urea in a water solution. This urea is then concentrated and heated via molten salt circulation to produce melamine.[44] Two processes may be used to manufacture melamine: a high pressure, non-catalytic process, and a low pressure gaseous phase catalytic process. Regardless of the production process used, the end product has the same characteristics, specifications and uses.[45] No other products can be produced on the same equipment used to manufacture melamine.[46]

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[37] Petition, p. 7.

[38] Petitioner's postconference brief, p. 6.

[39] Petitioner's postconference brief, p. 7, n. 14 and Answers to Questions from Commission Staff, p. 9.

[40] Respondents were not aware of any U.S. producers of melamine blends. Respondents' postconference brief, p. 27.

[41] Petitioner's postconference brief, p. 9, and conference transcript, p. 101 (O'Brien).

[42] Petition, p. 3.

[43] Conference transcript, p. 22 (Mikesell).

[44] Conference transcript, p. 21 (Mikesell).

[45] Conference transcript, p. 21 (Mikesell).

[46] Petitioner's postconference brief, p. 6, and respondents' postconference brief, p. 26.

Melamine is used to manufacture amino resins, the major end uses of which include surface coatings, laminates, molding compounds, paper treatment, adhesives, and textile-treatment applications in the automotive, appliance, dinnerware, furniture, fabric, and wood paneling industries.[47] Regardless of intended end use, Petitioner argues that all melamine has the same chemical formula and essentially the same physical characteristics. Thus, all melamine is interchangeable for the same end uses.[48] In addition, all melamine sold in the U.S. market, whether produced domestically or imported, is produced to meet common industry specifications.[49]

Petitioner states that all melamine is sold through identical channels of distribution, regardless of particle size distribution or packaging.[50] According to the Petitioner, melamine is a commodity product where price is the key purchasing factor.[51]

[47] Petition, p. 3.
[48] Petitioner's postconference brief, p. 6.
[49] Petitioner's postconference brief, p. 8.
[50] Petition, p. 8.
[51] Conference transcript, p. 28 (Driscoll).

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

U.S. MARKET CHARACTERISTICS

Melamine is used in resins that in turn have a wide range of uses, including the production of paints and coatings for the automotive and coil coating industries, decorative paper for cabinetry, laminates for counter tops and flooring, as well as in residential and commercial construction.[1] The petitioner describes melamine as having the same physical characteristics regardless of source, and it is produced to standard industry specifications. However the Trinidadian respondent described impurities in its product as limiting competition.[2]

Melamine is sold to the resin manufacturing industry which is highly consolidated.[3] In addition, there are only a few major purchasers of melamine's downstream product, melamine resin, including board manufacturers, foam producers, and molding compound producers.[4]

Two U.S. importers, ***, reported changes in the product range, mix, or marketing of melamine since 2011, citing market share shifts to Chinese and/or Trinidadian melamine in the U.S. market.

Apparent U.S. consumption of melamine decreased during 2011-2013. Overall, apparent U.S. consumption in 2013 was *** percent lower than in 2011.

CHANNELS OF DISTRIBUTION

U.S. producer Cornerstone and U.S. importers primarily sell melamine to ***, as shown in table II-1.[5] [6] Over the period of investigation, *** percent of importers' U.S. shipments from China went towards distributors. However in the interim 2014 period, this share increased to *** percent. There were *** imports sold to distributors from Trinidad and Tobago and no imports from nonsubject countries were sold to distributors over the period of investigation.

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[1] Conference transcript, p. 17, 27 (Zoglio, Driscoll).

[2] Petitioner's post-conference brief, p. 7; Conference transcript, p. 10, 28 (Dorn, Driscoll). The Trinidadian respondent reported that although melamine from Trinidad and Tobago meets the industry specifications of 99.8 percent melamine, its process create more acidic impurities that have caused issues in introducing Trinidadian melamine to the North American market. Conference transcript, pp. 104-5 (Spencer).

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

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

[5] U.S. producer Cornerstone reported approximately *** percent of sales to are to resin producers to produce resins, and the remaining *** percent of sales are to resin producers that incorporate those resins into their other downstream products. (Petitioner' postconference brief, *Answers to Questions from Commission Staff,* p. 5).

[6] Petitioner' postconference brief, p. 16.

Table II-1
Melamine: U.S. producer's and importers' U.S. commercial shipments, by sources and channels of distribution, 2011-13, January-September 2013, and January-September 2014.

* * * * * * *

GEOGRAPHIC DISTRIBUTION

The U.S. producer reported selling melamine to *** (table II-2). Importers of Chinese melamine *** reported selling to all regions in the contiguous United States, with the majority of importers shipping to the Northeast, Midwest, Southeast, and Pacific Coast. The sole responding importer of Trinidadian melamine (Southern Chemical) has sold product to *** since 2011. Melamine from nonsubject sources was also present in all regions.

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

* * * * * * *

For U.S. producer Cornerstone, *** percent of shipments were between 101 and 1,000 miles of its production facilities, and *** percent were over 1,000 miles. Importers sold 8.4 percent within 100 miles of their U.S. point of shipment, 88.3 percent between 101 and 1,000 miles, and 3.3 percent over 1,000 miles.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, the U.S. producer of melamine has the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of U.S.-produced melamine to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the relatively small share of unused capacity, and the inability to produce alternate products.

Industry capacity

U.S. producer Cornerstone's melamine facility produces most efficiently in continuous operation and at full capacity.[7] Over the period of investigation, domestic capacity was at *** pounds. Domestic capacity utilization has ***, *** slightly from *** to *** percent during the

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

period of investigation. This somewhat high level of capacity utilization suggests that the U.S. producer may have limited ability to increase production of product in response to an increase in prices.

Alternative markets

Cornerstone's exports, as a percentage of total shipments, *** over the period of investigation. Export shipments *** *** percent to almost *** pounds in 2012, and *** by *** percent to almost *** pounds in 2013. This overall *** indicates that the U.S. producer may have some ability to shift shipments between the U.S. market and other markets[8] in response to price changes.

Petitioner stated that to maintain economic production levels, Cornerstone has needed to drop its prices, and export melamine to the four markets (***)[9] that have lower prices than the U.S. market. [10]

Inventory levels

The U.S. producer's inventories *** from 2011-2013, showing a large *** from *** percent of total shipments in 2011 to *** percent of total shipments in 2012. In 2013, inventory share *** to *** percent. Cornerstone's continuous production does not allow for a halt in production to manage inventory levels.[11] These inventory levels suggest that U.S. producers have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

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

Supply constraints

U.S. producer Cornerstone reported that ***.[12]

[8] Conference transcript, pp. 32, 34 (Driscoll).

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

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

[11] Conference transcript, p. 32 (Driscoll).

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

Subject imports from China[13]

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

Industry capacity

The responding Chinese producer reported that its capacity has *** over the period of review at around *** million pounds. Its capacity utilization has *** over the period of review, starting at *** percent, *** to *** percent in 2012, and *** again to a capacity utilization rate of *** percent.

However, Petitioner, citing *CEH Melamine*, stated that in 2013, the Chinese industry had a capacity utilization rate of *** percent, and at full capacity, Chinese manufacturers could produce *** pounds of melamine.[14]

Alternative markets

In 2013, the majority (*** percent) of reported Chinese shipments of melamine were to the Chinese domestic market, followed by shipments to the U.S. market (*** percent). However, Petitioner reported that Chinese melamine production capacity has outpaced growth in Chinese consumption, and they expect this trend will continue.[15] *CEH Melamine* projects Chinese exports to be about *** percent of total production.[16]

Inventory levels

Chinese producer Zhongyuan Dahua Group's ("Zhongyuan Dahua") inventories as a share of total shipments are ***. In 2011, inventories accounted for *** percent of total shipments, then rose to *** percent in 2012, and decreased *** percent in 2013. Inventories for 2014 and 2015 are projected to ***.

Petitioner reported that melamine from China is delivered on a continuous basis through port cities, and is delivered directly to customers.[17]

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[13] The Commission received 1 questionnaire response from China producers. This firm's exports to the United States accounted for *** percent of U.S. imports of melamine from China during 2011-13.

[14] Petitioner's post-conference brief, p. 41, and Exhibit 1, p. 92.

[15] Petitioner's postconference brief, p. 43.

[16] Petitioner's postconference brief, p. 44 and Exhibit 1, p. 96.

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

Production alternatives

Chinese producer Zhongyuan Dahua reported that ***.

Supply constraints

While most U.S. importers reported no supply constraints, one importer *** reported plant outages in China. Chinese producer Zhongyuan Dahua reported that production capacity is restricted by ***.[18]

Subject imports from Trinidad and Tobago[19]

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

Industry capacity

Capacity in Trinidad and Tobago has *** over the period of review, *** *** pounds. Capacity utilization rates have also ***. In 2011, capacity utilization was at *** percent. Rates *** to *** percent in 2012, and *** substantially in 2013 to *** percent. The Trinidadian respondent reported that ***.[20]

Alternative markets

In 2013, *** percent of exports were shipped to the United States, and *** percent of exports went to markets other than Asia and North America. Shipments to the U.S. market have *** slightly over the period of review. MHTL reported *** domestic sales over the period of investigation.

Inventory levels

Reported inventories, as a share of total shipments, have *** over the period of review, from *** percent in 2011 to *** percent in 2013.

[18] Foreign producer Zhongyuan Dahua's questionnaire, *III-4d.*

[19] The Commission received a questionnaire response from the sole producer of melamine in Trinidad and Tobago, accounting for all U.S. imports of melamine from Trinidad and Tobago during 2011-13.

[20] Trinidadian respondents' post-conference brief, p. 25.

Petitioner reported that melamine from Trinidad and Tobago is warehoused by importer Southern Chemical at its four domestic locations.[21] As with U.S. producer Cornerstone's plant, MHTL's melamine plant is meant to run continuously.[22]

Production alternatives

Respondent Trinidadian producer MHTL reported that ********* and there is no potential for product shifting because melamine has dedicated units that cannot be used for production of other chemicals.[23]

Supply constraints

U.S. importer Southern Chemical reported ***. There were additional disruptions in Trinidad and Tobago which spurred Southern Chemical to purchase product from *** to cover for lost receipts from Trinidad and Tobago.[24] These disruptions include ***.[25] Respondents also elaborated that Trinidad had gas contaminant issues that subsequently reduced gas supply to the production facility. MHTL's melamine plant is at the end of an active gas plant, so small reductions in gas can result in slightly larger decreases in production.[26]

Nonsubject imports

Nonsubject imports represented about 40 percent of U.S. total imports of melamine. The largest sources of nonsubject imports during 2011-13 were Germany and the Netherlands. Combined, these countries accounted for 82.0 percent of nonsubject imports in 2013.

U.S. demand

Based on available information, the overall demand for melamine is likely to experience small changes in response to changes in price. The main contributing factors are the lack of substitute products and the small cost share of melamine in most of its downstream end-use products.

End uses

U.S. demand for melamine depends on the demand for U.S.-produced downstream products. Melamine is used primarily in the production of melamine resins, which are then

[21] Conference transcript, p. 34 (Driscoll).
[22] Conference transcript, p. 106 (Spencer).
[23] Trinidadian respondents' post-conference brief, p. 26 and conference transcript, p. 101 (O'Brien).
[24] Conference transcript, p. 107 (Spencer).
[25] Trinidadian respondents' postconference brief, p. 24.
[26] Conference transcript, p. 107 (Spencer).

used in a wide variety of applications. Reported end uses include wood adhesives, polyurethane foam, foam for upholstery or car sponge, water soluble polymer, coatings, and other laminates.

Cost share

Melamine accounts for a moderate share of the cost of resins, and smaller shares for end-use products further in the manufacturing chain. The U.S. producer reported melamine cost shares for resins of *** percent. U.S. importer *** reported that the melamine cost share of manufacturing polyurethane foam is around *** percent, and importer *** reported that the cost share of melamine is *** in foam for upholstery (*** percent), water soluble polymer (*** percent), and engineering resin (*** percent).

Business cycles

The *** three of seven responding importers indicated that the market was not subject to business cycles or conditions of competition. However, the four remaining U.S. importers cited seasonal effects. They stated that since melamine is used predominantly in construction sector products such as paints, panels, laminates, foams, and molding plastics, it has a seasonal demand pattern based on construction activity. Trinidadian respondents stated that because melamine is used as a construction product, demand is seasonal – strengthening during the summer and weakening in the winter.[27] *** three of five responding importers reported that melamine is not subject to distinct conditions of competition.

Demand trends

Most firms reported an increase (or fluctuation) in U.S. demand for melamine since January 1, 2011 (table II-3). U.S. producer, Cornerstone, reported *** in demand over the period of investigation citing ***. Five of seven responding importers reported increases in demand due to an expanding U.S. housing market, the recovering of the auto and construction industries since the recession; and fluctuations in demand due to seasonal cycles.

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

* * * * * * *

Substitute products

*** reported that there are no substitutes for melamine.

[27] Conference transcript, pp. 115-6 (Spencer).

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported melamine depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is a relatively high degree of substitutability between domestically produced melamine and melamine imported from subject sources.[28]

Trinidadian respondent stated that melamine from Trinidad and Tobago is not entirely interchangeable with domestic product because of contaminants in the product and clumping that occurs during shipping. However, MHTL stated purchasers of Trinidadian product have used buffers and developed methods to effectively use it.[29]

Lead times

Melamine is primarily sold from U.S. or foreign inventories. U.S. producer Cornerstone reported that *** of its 2013 sales were ***, with a lead time of *** days. U.S. importers of subject product reported that *** percent of their commercial shipments were from U.S. inventories, with an average lead time of 7-10 days, and an additional *** percent of their commercial shipments were from foreign inventories. The remaining *** percent of U.S. importers' commercial shipments were produced to order, with lead times of 65-80 days.

*** imports of melamine from Trinidad and Tobago were ***. *** percent of imports from China were sold from inventories, *** percent of which were sold from U.S. inventories, while the remaining *** percent was sold from foreign inventories, with a lead time of about 60 days.

Factors affecting purchasing decisions

U.S. importer Southern Chemical stated that the majority of its customers choose not to rely on a single source of supply and want multiple suppliers.[30] Price is the key purchasing factor, but customer service, quality, and reliability of supply were also mentioned as factors affecting purchasing decisions.[31] Petitioner stated that while quality and reliability are important, Chinese and Trinidadian producers have demonstrated to U.S. customers that their melamine is comparable to Cornerstone's in those respects.[32]

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[28] Trinidadian respondent reported that MHTL's production process results in certain levels of clumping and fines that make the product challenging to handle when shipped to customers in large volumes (Conference transcript, p. 93 (Spencer)).

[29] Conference transcript, p. 109 (Spencer).

[30] Conference transcript, p. 92 (Spencer).

[31] Conference transcript, p. 76, 113 (Driscoll, Spencer).

[32] Petitioner's post-conference brief, p. 8.

Comparison of U.S.-produced and imported melamine

In order to determine whether U.S.-produced melamine can generally be used in the same applications as imports from China and Trinidad and Tobago, U.S. producers and importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-4, U.S. producer Cornerstone reported subject and nonsubject product as "***" interchangeable. Most U.S. importers agreed that melamine is interchangeable, but to a *** degree.[33] Four importers reported that domestic and Chinese melamine is "frequently" interchangeable, and two reported that domestic and Chinese product is "sometimes" interchangeable. When comparing domestic and Trinidadian product, two importers reported that the products are "always" interchangeable, and one reported the products are "sometimes" interchangeable. When comparing Chinese and Trinidadian product, two importers reported that the products "frequently" interchangeable and two reported the products are "sometimes" interchangeable. All responding importers reported that U.S., German, and Dutch melamine are "always" interchangeable.

[33] Trinidadian respondents report that melamine made through the high pressure process, such as that used by MHTL, is only sometimes interchangeable. The high pressure process may introduce impurities into the product that is unusable for certain customers and Southern Chemical has failed to qualify its product on that basis at times. Conference transcript, p. 94 (Spencer).

Table II-4

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

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

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

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

In addition, producers and importers were asked to assess how often differences other than price were significant in sales of melamine from the United States, subject, or nonsubject countries. As seen in table II-5, U.S. producer Cornerstone reported that differences other than price are "***" significant between domestic, subject, and nonsubject product. Four of six responding importers reported that differences other than price are "sometimes" significant when comparing U.S. and Chinese product. Two importers found differences between U.S. and Trinidadian product to be "sometimes" or "never" significant. Two importers reported that differences between U.S. and German product and one importer reported differences between U.S. and Dutch product are "never" significant. One importer, ***, reported that differences between U.S., German, and Dutch product are "always" significant.

Table II-5

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

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

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

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

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

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the subsidies was presented in *Part I* of this report and information on the volume and pricing of imports of the subject merchandise is presented in *Part IV* and *Part V*. Information on the other factors specified is presented in this section and/or *Part VI* and is based on the questionnaire response of Cornerstone that accounted for all U.S. production of melamine during 2013.

U.S. PRODUCER

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

Producers were asked to report any changes in operations since January 2011. Cornerstone reported that it has operated at less than full capacity during the period of investigation.[6] It has also ***. Cornerstone's ***.

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-1 and figure III-1 present Cornerstone's production, capacity, and capacity utilization. Cornerstone's reported capacity *** between 2011 and 2013 and between the interim 2013 and 2014 periods. Production capacity is based upon operating ***. Cornerstone's production facility is designed to produce melamine most efficiently in continuous operation at full capacity 24 hours per day, seven days a week.[7] Periodically shutting down a plant would require the removal of ammonia from the processing equipment to permit a safe hold

[1] Petition, p. 2.
[2] Conference transcript, p. 16 (Zoglio).
[3] Conference transcript, p. 19 (Zoglio).
[4] Cornerstone is *** percent owned by ***. Cornerstone ***.
[5] Conference transcript, pp. 16-17 (Zoglio).
[6] Conference transcript, p. 24 (Mikesell).
[7] Conference transcript, p. 24 (Mikesell).

condition. This would involve both the venting of ammonia to the flare and the steam flushing of equipment, which would incur significant costs.[8]

Reported production decreased by *** percent between 2011 and 2013 and was *** percent lower in interim 2014 than in interim 2013. Cornerstone explained that it declared a force majeure event in April 2013 because it had a process equipment failure, requiring the company to revert to its backup equipment. The backup equipment was able to supply its customers over the period of the force majeure, and the original equipment was back in service and operating by June 2013.[9]

Table III-1
Melamine: Cornerstone's production, capacity, and capacity utilization, 2011-13, January-September 2013, and January-September 2014

* * * * * * *

Figure III-1
Melamine: Cornerstone's production, capacity, and capacity utilization, 2011-13, January-September 2013, and January-September 2014

* * * * * * *

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

Cornerstone produces the following products at its Waggaman, LA plant: acrylonitrile, hydrogen cyanide, melamine oleum, sulfuric acid, and urea.[10] Cornerstone, *** produce other products using the same equipment, machinery, and production and related workers employed to produce melamine. Melamine is ***. Cornerstone's melamine facility was designed, built and licensed specifically for the production of melamine. It cannot be modified to manufacture any other products.[11]

CORNERSTONE'S U.S. SHIPMENTS AND EXPORTS

Table III-2 presents Cornerstone's U.S. shipments, export shipments, and total shipments. The quantity of Cornerstone's U.S. shipments decreased from 2011 to 2013 by *** percent, and was *** percent lower in the 2014 interim period than the 2013 interim period.

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[8] Conference transcript, p. 25 (Mikesell).
[9] Conference transcript, pp. 79-80 (Zoglio).
[10] Cornerstone Chemical Company, http://www.cornerstonechemco.com/ckfinder/userfiles/files/SiteProfile.pdf, accessed November 20, 2014.
[11] Conference transcript, p. 23 (Mikesell).

The value of Cornerstone's U.S. shipments decreased as well from 2011 to 2013 by *** percent, and was *** percent lower in the 2014 interim period than the 2013 interim period. The unit values of U.S. shipments decreased by *** percent from 2011 to 2012 but increased overall by *** percent from 2011 to 2013. Cornerstone reported exporting to ***. Export shipments increased by *** percent from 2011 to 2012 and were *** percent higher overall from 2011 to 2013, and *** percent higher in the 2014 interim period than the 2013 interim period.

Table III-2
Melamine: Cornerstone's U.S. shipments, exports shipments, and total shipments, 2011-13, January-September 2013, and January-September 2014

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-3 presents U.S. Cornerstone's end-of-period inventories and the ratio of these inventories to Cornerstone's production, U.S. shipments, and total shipments over the period examined. Cornerstone's inventories of melamine increased by *** percent from 2011 to 2013 and also were *** percent higher during the 2014 interim period than during the 2013 interim period. Inventories relative to total shipments increased by *** percentage points from 2011 to 2013 and were *** percentage points higher during the interim periods. If properly stored in dry areas, the shelf life of melamine is in excess of one year.[12]

Table III-3
Melamine: Cornerstone's inventories, 2011-13, January-September 2013, and January-September 2014

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-4 shows Cornerstone's employment-related data during the period examined. The level of production-related workers (PRWs) increased by *** percent from 2011 to 2013 and was *** percent higher during the 2014 interim period than during the 2013 interim period. Hours worked per PRW remained constant from 2011 to 2013, while productivity *** between 2011 and 2013.

[12] Cornerstone Chemical Company, Melamine Technical Information Sheet, http://www.cornerstonechemco.com/ckfinder/userfiles/files/Melamine-technicalsheet.pdf, accessed November 20, 2014.

Table III-4
Melamine: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2011-13, January-September 2013, and January-September 2014

* * * * * * *

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

U.S. IMPORTERS

The Commission issued importer questionnaires to 19 firms believed to be importers of subject melamine, as well as to all U.S. producers of melamine.[1] Usable questionnaire responses were received from eight companies, representing 49.5 percent[2] of U.S. imports of melamine from China and all imports of melamine from Trinidad and Tobago between January 2011 and September 2014 under HTS subheading 2933.61.00. Table IV-1 lists all responding U.S. importers of melamine from China, Trinidad and Tobago, their headquarters, and their shares of U.S. imports, in January 2011 through September 2014.

Table IV-1
Melamine: Responding U.S. importers, headquarters, and share of U.S. imports by source, January 2011 – September 2014

Firm	Headquarters	Share of U.S. imports (*percent*)		
		China	Trinidad and Tobago	Subject
ATI Chemical Distribution	Plymouth, MN	***	***	***
Century Multech[1]	Flushing, NY	***	***	***
Future Foam Inc.	Council Bluffs, IA	***	***	***
Gromax Enterprises[2]	Irvine, CA	***	***	***
OCI Melamine Americas[3]	Wilmington, DE	***	***	***
S.A.F.E. Chemicals LLC[4]	The Woodlands, TX	***	***	***
Southern Chemical[5]	Houston, TX	***	***	***
U.S. Chemicals	Darien, CT	***	***	***
Total		100.0	100.0	100.0

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

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

[1] The Commission issued questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection ("Customs"), may have accounted for more than *** percent of total subject imports under HTS subheading 2933.61.00 in January 2011 through August 2014.

[2] Coverage was based on reported questionnaire import data of 35.8 million pounds in January 2011 through September 2014, versus official import data of 72.4 million pounds.

U.S. IMPORTS

Table IV-2 and figure IV-1 present data for U.S. imports of melamine from China, Trinidad and Tobago, and all other sources. U.S. import data is compiled from official import statistics, HTS subheading 2933.61.00. Imports from China increased by 3.1 percent overall from 2011 to 2013; however imports from China decreased by 74.1 percent between 2011 and 2012 before increasing by 297.5 percent from 2012 to 2013. Imports from China were 47.8 percent higher in interim 2014 compared to interim 2013. Imports from Trinidad and Tobago increased by 7.3 percent from 2011 to 2012 and then decreased by 30.1 percent from 2012 to 2013. Imports from Trinidad and Tobago decreased overall by 25.0 percent and were only slightly lower in interim 2014, by 0.9 percent, than in interim 2013.

Southern Chemical imports some melamine into United States to store in warehouses in New Jersey or Oregon before delivering to customers in Canada.[3] Southern Chemical exports about 10 percent of its imported melamine to Canada.[4] Exports to Canada of imported melamine from Trinidad and Tobago were ***.

[3] Conference transcript, p. 111 (Spencer).
[4] Conference transcript, p. 88 (Spencer).

Table IV-2
Melamine: U.S. imports by source, 2011-13, January-September 2013, and January-September 2014

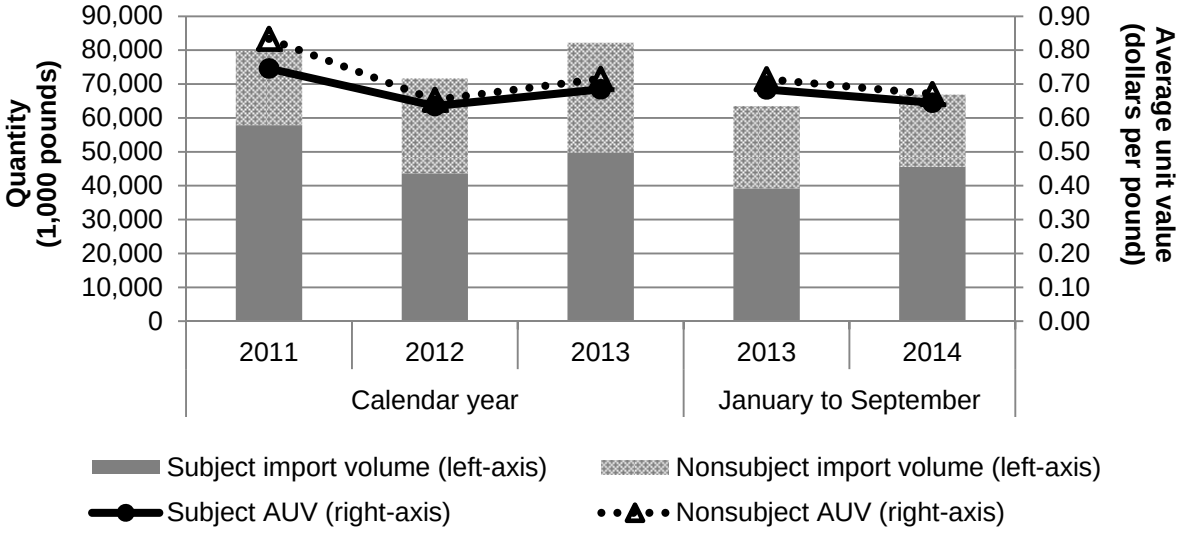
Item	Calendar year			January – September	
	2011	2012	2013	2013	2014
Quantity (*1,000 pounds*)					
China	22,626	5,871	23,335	13,885	20,522
Trinidad and Tobago	35,230	37,787	26,418	25,316	25,089
Subtotal, subject	57,855	43,658	49,754	39,202	45,611
All other	21,981	27,999	32,461	24,279	21,281
Total	79,837	71,657	82,215	63,481	66,892
Value (*1,000 dollars*)[1]					
China	18,510	4,801	16,323	9,888	12,524
Trinidad and Tobago	24,646	22,929	17,740	16,931	16,898
Subtotal, subject	43,155	27,730	34,063	26,819	29,422
All other	18,321	18,295	23,227	17,347	14,274
Total	61,476	46,025	57,290	44,166	43,695
Unit value (*dollars per pound*)					
China	0.82	0.82	0.70	0.71	0.61
Trinidad and Tobago	0.70	0.61	0.67	0.67	0.67
Subtotal, subject	0.75	0.64	0.68	0.68	0.65
All other	0.83	0.65	0.72	0.71	0.67
Total	0.77	0.64	0.70	0.70	0.65
Share of quantity (*percent*)					
China	28.3	8.2	28.4	21.9	30.7
Trinidad and Tobago	44.1	52.7	32.1	39.9	37.5
Subtotal, subject	72.5	60.9	60.5	61.8	68.2
All other	27.5	39.1	39.5	38.2	31.8
Total	100.0	100.0	100.0	100.0	100.0
Share of value (*percent*)					
China	30.1	10.4	28.5	22.4	28.7
Trinidad and Tobago	40.1	49.8	31.0	38.3	38.7
Subtotal, subject	70.2	60.3	59.5	60.7	67.3
All other	29.8	39.7	40.5	39.3	32.7
Total	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Source: Compiled from official Commerce statistics.

Figure IV-1

Melamine: U.S. import volumes and prices, 2011-13, January to September 2013, and January to September 2014



Source: Table IV-2.

Table IV-3 presents data for U.S. imports of melamine from nonsubject sources. The leading sources of nonsubject imports in 2013 were Netherlands, Germany and Qatar, which collectively represented 98.9 percent of total nonsubject imports in 2013. Imports of melamine from Qatar first entered the U.S. market in 2011 and increased from less than one percent of total nonsubject imports to 17.0 percent in 2013.

Table IV-3
Melamine: U.S. nonsubject imports by source, 2011-13, January-September 2013, and January-September 2014

Item	Calendar year			January – September	
	2011	2012	2013	2013	2014
Quantity (*1,000 pounds*)					
Netherlands	7,640	20,259	16,107	10,325	15,592
Germany	4,593	7,375	10,525	8,598	5,579
Qatar	44	0	5,529	5,088	0
All other	9,704	365	300	268	110
Total nonsubject imports	21,981	27,999	32,461	24,279	21,281
Value (*1,000 dollars*)[1]					
Netherlands	6,130	13,029	11,813	7,577	10,481
Germany	4,443	4,783	7,381	6,093	3,630
Qatar	35	0	3,518	3,223	0
All other	7,713	483	514	453	163
Total nonsubject imports	18,321	18,295	23,227	17,347	14,274
Unit value (*dollars per pound*)					
Netherlands	0.80	0.64	0.73	0.73	0.67
Germany	0.97	0.65	0.70	0.71	0.65
Qatar	0.80	n/a	0.64	0.63	n/a
All other	0.79	1.32	1.72	1.69	1.48
Total nonsubject imports	0.83	0.65	0.72	0.71	0.67
Share of quantity (*percent*)					
Netherlands	34.8	72.4	49.6	42.5	73.3
Germany	20.9	26.3	32.4	35.4	26.2
Qatar	0.2	0.0	17.0	21.0	0.0
All other	44.1	1.3	0.9	1.1	0.5
Total nonsubject imports	100.0	100.0	100.0	100.0	100.0
Share of value (*percent*)					
Netherlands	33.5	71.2	50.9	43.7	73.4
Germany	24.2	26.1	31.8	35.1	25.4
Qatar	0.2	0.0	15.1	18.6	0.0
All other	42.1	2.6	2.2	2.6	1.1
Total nonsubject imports	100.0	100.0	100.0	100.0	100.0

[1] Landed, duty-paid.

Source: Compiled from official Commerce statistics.

NEGLIGIBILITY

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[5] Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation. However, if there are imports of such merchandise from a number of countries subject to investigations initiated on the same day that individually account for less than 3 percent of the total volume of the subject merchandise, and if the imports from those countries collectively account for more than 7 percent of the volume of all such merchandise imported into the United States during the applicable 12-month period, then imports from such countries are deemed not to be negligible.[6] Imports from China accounted for 34.6 percent of total imports of melamine by quantity from November 2013 to October 2014. Imports from Trinidad and Tobago accounted for 30.7 percent of total imports of melamine by quantity from November 2013 to October 2014.

CUMULATION CONSIDERATIONS

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

Geographical markets

Both Cornerstone and U.S. importers reported shipping melamine throughout the United States.[7] Table IV-4 presents data on imports of melamine by customs district during January 2011 through September 2014. Imports of melamine from China entered through 17 different ports from January 2011 through September 2014. Imports of melamine from Trinidad and Tobago entered through 9 different ports from January 2011 through September 2014.

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

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

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

Table IV-4

Melamine: Imports by subject country and customs district, January 2011 through September 2014

Customs district of entry	Source		
	China	Trinidad and Tobago	Subject sources
	Quantity (*1,000 pounds*)		
Boston, MA	2,907	0	2,907
Buffalo, NY	552	0	552
Charleston, SC	25,432	14,021	39,454
Charlotte, NC	5,867	0	5,867
Chicago, IL	2,296	0	2,296
Cleveland, OH	1,350	0	1,350
Columbia-Snake, OR	4,718	8,025	12,743
Detroit, MI	2,395	0	2,395
Houston-Galveston, TX	126	12,213	12,340
Los Angeles, CA	7,928	0	7,928
Miami, FL	0	88	88
New Orleans, LA	88	0	88
New York, NY	15,043	46,701	61,744
Norfolk, VA	2,602	0	2,602
Ogdensburg, NY	132	0	132
San Francisco, CA	2	2,601	2,604
Savannah, GA	243	1,720	1,963
Seattle, WA	672	3,836	4,508
Tampa, FL	0	35,318	35,318
Total	72,353	124,523	196,876
	Share of quantity by district for each source (*percent*)		
Boston, MA	4.0	0.0	1.5
Buffalo, NY	0.8	0.0	0.3
Charleston, SC	35.2	11.3	20.0
Charlotte, NC	8.1	0.0	3.0
Chicago, IL	3.2	0.0	1.2
Cleveland, OH	1.9	0.0	0.7
Columbia-Snake, OR	6.5	6.4	6.5
Detroit, MI	3.3	0.0	1.2
Houston-Galveston, TX	0.2	9.8	6.3
Los Angeles, CA	11.0	0.0	4.0
Miami, FL	0.0	0.1	0.0
New Orleans, LA	0.1	0.0	0.0
New York, NY	20.8	37.5	31.4
Norfolk, VA	3.6	0.0	1.3
Ogdensburg, NY	0.2	0.0	0.1
San Francisco, CA	0.0	2.1	1.3
Savannah, GA	0.3	1.4	1.0
Seattle, WA	0.9	3.1	2.3
Tampa, FL	0.0	28.4	17.9
Total	100.0	100.0	100.0

Source: Compiled from official Commerce statistics.

Presence in the market

Table IV-5 presents quarterly import statistics for melamine from subject sources during January 2011 through September 2014.

Table IV-5
Melamine: Quarterly U.S. imports, by source, January 2011 – September 2014

Quarter	Source		
	China	Trinidad and Tobago	Subject
	Quantity (*1,000 pounds*)		
2011:			
Jan – Mar	7,561	7,628	15,189
Apr – Jun	6,019	5,820	11,840
Jul – Sep	5,233	8,642	13,875
Oct – Dec	3,812	13,139	16,951
2012:			
Jan – Mar	2,221	7,496	9,716
Apr – Jun	984	8,113	9,097
Jul – Sep	861	14,021	14,882
Oct – Dec	1,805	8,157	9,962
2013:			
Jan – Mar	1,638	12,302	13,939
Apr – Jun	4,627	6,709	11,336
Jul – Sep	7,621	6,305	13,926
Oct – Dec	9,450	1,102	10,552
2014:			
Jan – Mar	27,969	35,148	63,118
Apr – Jun	8,148	10,935	19,083
Jul – Sep	7,740	5,423	13,163

Source: Compiled from official Commerce statistics.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-6 and figure IV-2 present data on apparent U.S. consumption and market shares for melamine over the period examined. Apparent consumption based on quantity, decreased by *** percent from 2011 to 2013, and was *** percent lower in interim 2014 than in interim 2013. U.S. producers' share of U.S. consumption, based on quantity, increased from 2011 to 2012 but decreased overall from 2011 to 2013, by *** percentage points, and was *** percentage points higher in interim 2014 compared with interim 2013. The market share of imports of melamine from the subject countries decreased from 2011 to 2012 and increased from 2012 to 2013. It declined overall from 2011 to 2013 by *** percentage points; the market share of subject imports was *** percentage points higher in interim 2014 than in interim 2013.

Table IV-6
Melamine: Apparent U.S. consumption and market shares, 2011-13, January-September 2013, and January-September 2014

Item	Calendar year			January – September	
	2011	2012	2013	2013	2014
	Quantity (*1,000 pounds*)				
U.S. producer's U.S. shipments	***	***	***	***	***
Imports from--					
China	22,626	5,871	23,335	13,885	20,522
Trinidad and Tobago	35,230	37,787	26,418	25,316	25,089
Subtotal, subject sources	57,855	43,658	49,754	39,202	45,611
All other sources	21,981	27,999	32,461	24,279	21,281
Total imports	79,837	71,657	82,215	63,481	66,892
Apparent consumption	***	***	***	***	***
	Value (*1,000 dollars*)				
U.S. producer's U.S. shipments	***	***	***	***	***
Imports from--					
China	18,510	4,801	16,323	9,888	12,524
Trinidad and Tobago	24,646	22,929	17,740	16,931	16,898
Subtotal, subject sources	43,155	27,730	34,063	26,819	29,422
All other sources	18,321	18,295	23,227	17,347	14,274
Total imports	61,476	46,025	57,290	44,166	43,695
Apparent consumption	***	***	***	***	***
	Share of quantity (*percent*)				
U.S. producer's U.S. shipments	***	***	***	***	***
Imports from--					
China	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***
	Share of value (*percent*)				
U.S. producer's U.S. shipments	***	***	***	***	***
Imports from--					
China	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***

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

Figure IV-2

Melamine: Apparent U.S. consumption, 2011-13, January to September 2013, and January to September 2014

* * * * * * *

RATIO OF IMPORTS TO U.S. PRODUCTION

Table IV-7 presents data on the ratio of U.S. imports to U.S. production. Imports from subject countries were equivalent to *** percent of U.S. production in 2013, a decrease of *** percentage points since 2011. The ratio of subject imports to U.S. production was higher in interim 2014 by *** percentage points than in interim 2013.

Table IV-7

Melamine: Ratio of U.S. imports to U.S. production, 2011-13, January-September 2013, and January-September 2014

Item	Calendar year			January – September	
	2011	2012	2013	2013	2014
	Quantity (*1,000 pounds*)				
U.S. production	***	***	***	***	***
U.S. imports from--					
China	22,626	5,871	23,335	13,885	20,522
Trinidad and Tobago	35,230	37,787	26,418	25,316	25,089
Subtotal, subject sources	57,855	43,658	49,754	39,202	45,611
All other sources	21,981	27,999	32,461	24,279	21,281
Total imports	79,837	71,657	82,215	63,481	66,892
	Ratio of imports to production				
U.S. imports from--					
China	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
Subtotal, subject sources	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***

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

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PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

U.S. producer Cornerstone reports that raw materials made up *** percent of costs of goods sold in 2013. These raw materials are ammonia, carbon dioxide, and energy. Cornerstone sources the primary raw materials, ammonia and carbon dioxide, from the merchant market, but offtakes a substantial amount of its energy requirements[1] from other production processes on its site.[2] Cornerstone's production facilities transfer energy, share utilities and services, and have raw material relationships with the other products produced by Cornerstone. For example, melamine consumes heat that is generated in the production of other chemicals.[3]

U.S. producer Cornerstone reported that prices of raw materials, including ammonia, have *** over the last few years. Similarly, five of seven responding importers reported that trends in raw materials have fluctuated over the period of review, and importer *** reported that prices have increased, but due to the competitive intensity of the U.S. market, the firm was not able to pass on the higher raw material cost.

U.S. inland transportation costs

The responding U.S. producer and all responding importers reported that they typically arrange transportation to their customers. U.S. producer Cornerstone reported that its U.S. inland transportation costs were *** percent while most importers reported costs of 3 to 10 percent.[4] Four of seven responding importers reported shipping from a storage facility, while the remaining three reporting shipping melamine from its point of importation.

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

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

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

[4] U.S. importer *** reported a high transportation cost of 25 percent.

PRICING PRACTICES

Pricing methods

The majority of contracts in the U.S. melamine market are short-term, on a quarterly basis. Contract prices are negotiated on a quarterly basis, regardless of the length of contract.[5] Long-term contracts also involve quarterly price negotiations.[6]

The U.S. producer and importers reported using a variety of pricing methods, as shown in table V-1. U.S. producer Cornerstone reported its pricing is primarily determined by ***. Three of six responding importers reported price setting on a transactional basis, and two of six reported contractual price setting.[7] One reported also using set price lists for "smaller truck load quantities," in addition to contracts, and another reported that prices are negotiated and finalized on a quarterly basis.[8]

Table V-1

Melamine: U.S. producer and importers reported price setting methods, by number of responding firms

* * * * * * *

U.S. producer Cornerstone reported a plurality (*** percent) of its sales were made ***, *** percent of its sales were made ***, and *** percent of its sales were made under ***. Only *** percent of its sales were ***. Importers of subject product reported a majority of sales were made via one-year contracts in 2013. Importers of Chinese melamine sold almost exclusively via ***, and importers of Trinidadian melamine sold almost exclusively ***. As shown in table V-2, the U.S. producer and importers reported their 2013 U.S. commercial shipments of melamine by type of sale.

Table V-2

Melamine: U.S. producer's and importers' shares of U.S. commercial shipments by type of sale, 2013

* * * * * * *

[5] Petitioner stated "***." Petitioner's postconference brief, *Answers to Questions from Commission Staff,* p. 6.

[6] Conference transcript, p. 77, 114 (Driscoll, Spencer).

[7] U.S. importer *** reported that its contracts are annual agreements that price is negotiated on a quarterly basis, and there are no annual volume commitments.

[8] Some importers reported multiple price setting methods.

Sales terms and discounts

U.S. producer Cornerstone and five of six responding importers reported quoting prices on *** basis. Importer ***, however, reported quoting prices from *** basis from the *** port. Cornerstone reported ***, while most importers reported offering ***. Of the importers that did report discounts, *** reported offering quantity discounts of ***, *** reported offering an annual volume discount of *** percent, and *** reported it may discount price on a case-by-case basis ***. All responding firms reported sales terms of net 30 days.[9]

PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly data for the total quantity and f.o.b. value of the following melamine products shipped to unrelated U.S. customers during January 2011-September 2014.

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

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

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

The U.S. producer and seven importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[10] Pricing data reported by these firms accounted for approximately 100 percent of the U.S. producer's U.S. commercial shipments of melamine, 48 percent of U.S. shipments of subject imports from China, and *** percent of U.S. shipments of subject imports from Trinidad and Tobago from January 2011 – September 2014.[11]

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

[9] U.S. importer *** reported sales terms for specific customers of net 45 days upon shipment arrival at customer's end USA facility.

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

[11] Pricing data are only available for pricing products 2 and 3 from China, and for pricing product 2 from Trinidad and Tobago.

Table V-3

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2011-September 2014

* * * * * * *

Table V-4

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2011-September 2014

* * * * * * *

Table V-5

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2011-September 2014

* * * * * * *

Figure V-1

Melamine: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2011-June 2014

* * * * * * *

Figure V-2

Melamine: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2011-June 2014

* * * * * * *

Figure V-3

Melamine: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2011-June 2014

* * * * * * *

Price trends

Prices decreased during January 2011- September 2014. As shown in table V-6, domestic prices decreased ranged from *** to *** percent during 2011-14 while import price decreases ranged from *** to *** percent.

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

* * * * * * *

Price comparisons

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

Table V-7
Melamine: Instances of underselling/overselling and the range and average of margins, by country, January 2011-September 2014

* * * * * * *

LOST SALES AND LOST REVENUE

The Commission requested U.S. producers of melamine to report any instances of lost sales or revenue they experienced due to competition from imports of melamine from China and Trinidad and Tobago during January 2011 – September 2014. The sole U.S. producer reported that it had to either reduce prices or roll back announced price increases.[12] The *** lost sales allegations totaled $*** and involved *** pounds of melamine and the *** lost revenue allegations totaled $*** and involved *** pounds of melamine. Staff contacted *** purchasers and a summary of the information obtained follows (tables V-8 and V-9).

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

* * * * * * *

[12] Cornerstone stated that the lost revenue allegations provided with its petition do not demonstrate the full extent of the injury because subject imports had already forced its initial offer prices to decrease significantly. Conference transcript, p. 31, 41 (Driscoll, Jones); Petitioner's postconference brief, p. 21.

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

* * * * * * *

Purchasers responding to the lost sales allegations also were asked whether they shifted their purchases of melamine from the U.S. producer to suppliers of melamine from China and Trinidad and Tobago since 2011 (table V-10). *** responding purchasers reported that they had shifted purchases of melamine from the U.S. producer to subject imports since 2011, and *** of these purchasers reported that price was the reason for the shift.

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

* * * * * * *

Four responding purchasers indicated that the U.S. producer had reduced its prices in order to compete with the prices of subject imports since 2011, but when elaborating, sometimes described not knowing why the U.S. producer had reduced prices. Purchaser *** stated that the U.S. producer may have reduced prices for a variety of reasons: ***. Another purchaser, *** stated "***." Purchaser *** stated that since melamine is priced quarterly, price negotiations and changes occur on a quarterly basis, and the value of price reductions varies by quarter.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

One U.S. producer, Cornerstone, which accounted for all U.S. production of melamine, supplied financial data on its melamine operations.[1] Cornerstone did not report any internal consumption or transfer sales of melamine to related firms.

OPERATIONS ON MELAMINE

Table VI-1 presents income-and-loss data for the U.S. producer. The domestic melamine industry's net sales quantities fluctuated over the period while net sales values and its operating income declined between 2011 and 2013 and between January-September ("interim") 2013 and January-September 2014. While Cornerstone reported *** in all periods, the level increased from an *** in 2013. From 2011 to 2012, the decrease in unit sales price (*** per pound) despite the decrease in unit total cost[2] (by *** per pound), resulted in a *** in 2012. From 2012 to 2013, both net sales quantities and net sales values decreased, with a *** per-unit sales value and an increased per-unit total cost, which resulted in a *** operating loss in 2013. The operating loss of *** in 2012 changed to *** in 2013, reflecting both the increases in unit sales value (by ***) and in unit total cost (by *** per pound).

During January-September 2014, even though the domestic industry's net sales quantities were *** than in January-September 2013, net sales values were *** in interim 2013. The domestic industry's *** in interim 2013, further increased to *** in interim 2014, reflecting primarily a *** per-unit sales value (from *** per pound to *** per pound). As a result, the domestic industry's operating margin, which was *** percent in interim 2013, increased to *** percent in interim 2014.

In summary, Cornerstone reported *** between 2011 and 2013 (sales quantities *** from 2011 to 2012 though), it reported *** in January-September 2014 compared to January-September 2013. The firm reported *** between 2011 and 2013 (Cornerstone actually reported a *** in 2013 compared to 2012) and between the two interim periods.[3]

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[1] Cornerstone has its fiscal year ending December 31. Cornerstone and its holding company, H.I.G BBC Intermediate Holdings, LLC are privately held and do not make their financial information available to the public. Cornerstone manufactures acrylonitrile, melamine, sulfuric acid, and urea at its Fortier Facility in Waggaman, Louisiana.

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

[3] Cornerstone stated that U.S. market prices were reasonable and it was profitable when it operated at near full capacity in 2010 and suffered very substantial declines in profitability from 2011 to 2014. Conference transcript, p. 15 (Zoglio), p. 26 (Mikesell), and p. 38 (Jones).

Table VI-1
Melamine: Results of operations of the U.S. producer, fiscal years 2011-13, January-September 2013, and January-September 2014

* * * * * * *

Selected per-pound cost data of the producer on its operations, i.e., COGS and SG&A expenses, are presented in table VI-2. Overall per-pound COGS and total cost (which includes SG&A expenses) decreased from 2011 to 2012 and then, increased back from 2012 to 2013, driven mainly by changes in ***,[4] while per-unit SG&A expenses remained relatively the same during the same period. Per-pound total costs were slightly *** in interim 2014 compared to interim 2013, due to the ***. The ratio of total COGS to net sales increased *** between the two interim periods (from *** percent in interim 2013 to *** percent in interim 2014).

Table VI-2
Melamine: Average unit costs of the U.S. producer, fiscal years 2011-13, January-September 2013, and January-September 2014

* * * * * * *

A variance analysis showing the effects of prices and volume on the producer's sales of melamine, and of costs and volume on their total costs is presented in table VI-3.[5] The information for this variance analysis is derived from table VI-1. The analysis indicates that the decrease in operating income between 2011 and 2013 (by ***) was the result of the combined negative effects of decreased price and increased per-unit costs and expenses. The summary at the bottom of the table illustrates the negative effects of decreased prices (***), increased costs and expenses (***), and lower sales quantities (***) between 2011 and 2013. Comparing the two interim periods, the variance analysis indicates that *** by (***) which resulted from the combined effects of lower prices (***) and increased sales volume (***), offset by the positive effect of lower costs/expenses (***).

---

[4] Cornerstone states that melamine production is highly capital intensive and any reduction of production below full capacity has a direct and significant effect on per-unit fixed costs and profitability. Conference transcript, p. 24 and 25 (Mikesell) and p. 39 (Jones).

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

Table VI-3
Melamine: Variance analysis of operations of the U.S. producer, fiscal years 2011-13, January-September 2013, and January-September 2014

* * * * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Table VI-4 presents data on capital expenditures and research and development ("R&D") expenses. Cornerstone reported both capital expenditures and R&D expenses in all periods. Capital expenditures fluctuated between 2011 and 2013 and increased *** from January-September 2013 to January-September 2014 because Cornerstone completed major turnaround maintenance at *** in 2014. The majority of capital expenditures spent by Cornerstone were for ***.[6] Cornerstone reported *** R&D expenses over the period.

Table VI-4
Melamine: Capital expenditures and R&D expenses by the U.S. producer, fiscal years 2011-13, January-September 2013, and January-September 2014

* * * * * * *

ASSETS AND RETURN ON ASSETS

Table VI-5 presents data on the U.S. producer's total net assets and its return on assets. Total net assets *** between 2011 and 2013, due primarily to the *** each year.[7] At the same time, the return on assets decreased between 2011 and 2013 due to *** during the same period (operating loss and operating loss ratio in 2013 were somewhat *** compared to 2012). The trend of return on assets during 2011-13 was the same as the trend of the operating income (loss) margin shown in table VI-1.

Table VI-5
Melamine: Value of assets and return on assets of the U.S. producer, fiscal years 2011-13

* * * * * * *

[6] E-mail response from ***, December 1, 2014
[7] E-mail response from ***, December 1, 2014

CAPITAL AND INVESTMENT

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

Actual Negative Effects

Cornerstone.–***

Anticipated Negative Effects

Cornerstone.–***

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

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

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

---

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

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

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

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

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

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

THE INDUSTRY IN CHINA

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

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

[3] Chemical Economics Handbook Melamine, p.90.

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

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

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

* * * * * * *

The Commission issued foreign producers' or exporters' questionnaires to 52 firms believed to produce and/or export melamine from China.[6] One useable response to the Commission's questionnaire was received from Zhongyuan Dahua Group Co., Ltd.[7] This firm estimates that its production of melamine in China accounts for approximately *** percent of overall production of melamine in China and *** percent of total exports of melamine to the United States from China in 2013.

Zhongyuan Dahua Group did not report any changes in operations since January 2011. It *** produce other products on the same machinery as used in the production of melamine. Its production capacity is based on operating ***. Zhongyuan Dahua Group explained that ***.

Table VII-2 presents information on the melamine operations of Zhongyuan Dahua Group.

Table VII-2
Melamine: Data for responding Zhongyuan Dahua Group, 2011-13, January-September 2013, January-September 2014, and projected 2014-15

* * * * * * *

THE INDUSTRY IN TRINIDAD AND TOBAGO

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

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[4] Chemical Economics Handbook Melamine, p.91.

[5] Chemical Economics Handbook Melamine, p.96.

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

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

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

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

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

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

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

MHTL has put a planned expansion on hold, in part, due to a shortage in natural gas that is expected to continue into 2017.[12] MHTL expects ***.[13]

Table VII-3 presents information on MHTL's melamine operations. MHTL explains that its 2014 projection "***".

Table VII-3
Melamine: Data for Methanol Holdings, 2011-13, January-September 2013, January-September 2014, and projected 2014-15

* * * * * * *

U.S. INVENTORIES OF IMPORTED MERCHANDISE

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

Table VII-4
Melamine: U.S. importers' inventories, 2011-13, January-September 2013, January-September 2014

* * * * * * *

[9] Respondents' postconference brief, p. 26.
[10] Conference transcript, p. 9 (Dorn) and p. 107 (Spencer).
[11] Respondents' postconference brief, p. 24.
[12] Respondents' postconference brief, p. 5.
[13] Respondents' postconference brief, p. 25.

U.S. IMPORTERS' OUTSTANDING ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of melamine from China, Trinidad and Tobago, and other sources after September 30, 2014. Seven responding importers reported that they arranged such shipments. Table VII-5 presents data reported by U.S. importers concerning their arranged imports of melamine.

Table VII-5
Melamine: Arranged imports, October 2014 – September 2015

* * * * * * *

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

In May 2011, The European Commission (EC) imposed definitive antidumping measures against imports of melamine from China. The EC imposed a minimum import price of EUR 1,153 per metric ton for the following named producers: Sichuan Jade Elephant Melamine S&T Co. Ltd., Shandong Liaherd Chemical Industry Co. Ltd.,[14] and Henan Junhua Development Company Ltd. All other producers are subject to a duty rate of EUR 415 per metric ton.[15]

In a November 2009 sunset review, India continued its antidumping order against imports of melamine from China and imposed a new definitive antidumping duty on all Chinese imports. Chinese imports must enter India above a reference price of $1,681.49 per metric ton.[16]

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury "by reason of subject imports," the legislative history states "that the Commission must examine all relevant evidence, including any known factors, other than the

[14] In August 2014, Shandong Liaherd Chemical Industry Co. Ltd. notified the EC that its name changed to Holitech Technology Co., Ltd. Official Journal of the European Union, "Notice concerning the anti-dumping measures in force in respect of imports into the Union of melamine originating in the People's Republic of China: change of the name of one company subject to the minimum import price (2014/C 414/05)," November 20, 2014.

[15] Official Journal of the European Union, "COUNCIL IMPLEMENTING REGULATION (EU) No 457/2011 of 10 May 2011 imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of melamine originating in the People's Republic of China," May 13, 2011, Petition at Exhibit I-24.

[16] Gazette of India Extraordinary, "Sunset review of Anti-Dumping duties imposed on imports of Melamine originating in or exported from China PR," November 20, 2009, Petition at Exhibit I-25.

dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) 'to ensure that it is not attributing injury from other sources to the subject imports.'"[17]

Table VII-6 presents world capacity and production of melamine in 2013. Table VII-7 presents world imports and exports of melamine. While China is the predominant world supplier of melamine, Europe is the second largest supplier.[18] Additional information concerning the price of nonsubject imports is included in Appendix D.

Germany

Borealis Agrolinz Melamine produces melamine in Lutherstadt-Wittenberg at a facility with an annual capacity of ***.[19] Germany was the second largest exporter of melamine, after China, in 2013 (see Table VII-7).

The Netherlands

OCI Melamine operates two melamine facilities in Geleen.[20] The larger facility uses a low-pressure, catalytic process and has a capacity of *** metric tons per year. The smaller facility uses a shortened, liquid phase process and has a capacity of *** metrics tons per year (total capacity is equal to *** pounds).[21] According to Global Trade Atlas data, the Netherlands was the third largest exporter in 2013 after China and Germany (see Table VII-7).

Table VII-6
Melamine: World capacity and production, by region, 2013

* * * * * * *

[17] *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir. Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; *see also Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

[18] Chemical Economics Handbook Melamine, p. 6.

[19] Chemical Economics Handbook Melamine, p. 54.

[20] OCI Melamine website, http://www.ocinitrogen.com/melamine/EN/Pages/Production.aspx (accessed December 11, 2014).

[21] Chemical Economics Handbook Melamine, p. 54.

Table VII-7
Melamine: World exports and imports, by country, 20011-2013

Item	Calendar year		
	2011	2012	2013
	Value ($*1,000*)		
Exports from:			
China	250,696	148,291	256,992
Netherlands	123,458	133,737	126,653
Germany	167,818	127,946	150,687
Trinidad and Tobago	48,638	61,746	30,433
United States	48,653	41,769	42,246
All other countries	415,778	269,692	336,253
Total	1,055,042	783,182	943,263
Imports into:			
China	4,332	2,091	2,003
Netherlands	28,195	25,236	30,540
Germany	53,126	27,504	28,987
Trinidad and Tobago	0	0	0
United States	56,139	42,243	51,667
All other countries	913,251	686,108	830,066
Total	1,055,042	783,182	943,263

Note. – Because of rounding, figures may not add to the totals shown. Export data is compiled from total imports reported by all other countries.

Source: Global Trade Information Services Inc. Global Trade Atlas, HS 293361. Retrieved December 11, 2014.

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
79 FR 68699 November 18, 2014	*Melamine From China and Trinidad and Tobago*	https://federalregister.gov/a/2014-27227
79 FR 73030 December 9, 2014	*Melamine From China and Trinidad and Tobago: Initiation of Countervailing Duty Investigations*	https://federalregister.gov/a/2014-28832
79 FR 73037 December 9, 2014	*Melamine From China and Trinidad and Tobago: Initiation of Antidumping Duty Investigations*	https://federalregister.gov/a/2014-28840

APPENDIX B

CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's preliminary conference:

Subject: Melamine from China and Trinidad and Tobago

Inv. Nos.: 701-TA-526-527 and 731-TA-1262-1263 (Preliminary)

Date and Time: December 3, 2014 - 9:30 am

Sessions were held in connection with these preliminary investigations in the Main Hearing Room (Room 101), 500 E Street, S.W., Washington, DC.

OPENING REMARKS:

Petitioners (**Joseph W. Dorn**, King & Spalding LLP)
Respondents (**Kevin M. O'Brien**, Baker & McKenzie LLP)

In Support of the Imposition of Antidumping and Countervailing Duty Orders:

King & Spalding LLP
Washington, DC
on behalf of

Cornerstone Chemical Company

Greg Zoglio, Chief Executive Officer, Cornerstone Chemical Company

Paul Mikesell, Chief Operating Officer, Cornerstone Chemical Company

Mike Driscoll, Global Business Manager of Melamine, Cornerstone Chemical Company

Eifion Jones, Chief Financial Officer, Cornerstone Chemical Company

Brent Petit, USW Staff Representative

Joseph W. Dorn)
) – OF COUNSEL
Clinton R. Long)

In Opposition to the Imposition of
Antidumping and Countervailing Duty Orders:

Baker & McKenzie LLP
Washington, DC
on behalf of

Southern Chemical Corporation ("Southern Chemical")
Methanol Holdings (Trinidad) Limited ("MHTL")

Adrian Spencer, Vice President, Sales, Southern Chemical

Thomas Rogers, Economic Consultant, Capital Trade, Inc.

Kevin M. O'Brien)
) – OF COUNSEL
Christine M. Streatfeild)

REBUTTAL/CLOSING REMARKS:

Petitioners (**Joseph W. Dorn**, King & Spalding LLP)
Respondents (**Kevin M. O'Brien**, Baker & McKenzie LLP)

APPENDIX C

SUMMARY DATA

Table C-1
Melamine: Summary data concerning the U.S. market, 2011-13, January to September 2013, and January to September 2014
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan.-Sept.
	2011	2012	2013	2013	2014	2011-13	2011-12	2012-13	2013-14
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad & Tobago	***	***	***	***	***	***	***	***	***
Subtotal, Subject countries	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad & Tobago	***	***	***	***	***	***	***	***	***
Subtotal, Subject countries	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	22,626	5,871	23,335	13,885	20,522	3.1	(74.1)	297.5	47.8
Value	18,510	4,801	16,323	9,888	12,524	(11.8)	(74.1)	240.0	26.7
Unit value	$0.82	$0.82	$0.70	$0.71	$0.61	(14.5)	(0.0)	(14.5)	(14.3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Trinidad & Tobago:									
Quantity	35,230	37,787	26,418	25,316	25,089	(25.0)	7.3	(30.1)	(0.9)
Value	24,646	22,929	17,740	16,931	16,898	(28.0)	(7.0)	(22.6)	(0.2)
Unit value	$0.70	$0.61	$0.67	$0.67	$0.67	(4.0)	(13.3)	10.7	0.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	57,855	43,658	49,754	39,202	45,611	(14.0)	(24.5)	14.0	16.3
Value	43,155	27,730	34,063	26,819	29,422	(21.1)	(35.7)	22.8	9.7
Unit value	$0.75	$0.64	$0.68	$0.68	$0.65	(8.2)	(14.8)	7.8	(5.7)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	21,981	27,999	32,461	24,279	21,281	47.7	27.4	15.9	(12.3)
Value	18,321	18,295	23,227	17,347	14,274	26.8	(0.1)	27.0	(17.7)
Unit value	$0.83	$0.65	$0.72	$0.71	$0.67	(14.1)	(21.6)	9.5	(6.1)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	79,837	71,657	82,215	63,481	66,892	3.0	(10.2)	14.7	5.4
Value	61,476	46,025	57,290	44,166	43,695	(6.8)	(25.1)	24.5	(1.1)
Unit value	$0.77	$0.64	$0.70	$0.70	$0.65	(9.5)	(16.6)	8.5	(6.1)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.

Table C-2
Melamine: Summary data concerning the U.S. market with China as nonsubject, 2011-13, January to September 2013, and January to September 2014
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan.-Sept.
	2011	2012	2013	2013	2014	2011-13	2011-12	2012-13	2013-14
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad & Tobago	***	***	***	***	***	***	***	***	***
Subject sources (excluding China)	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Nonsubject sources (including China)	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad & Tobago	***	***	***	***	***	***	***	***	***
Subject sources (excluding China)	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Nonsubject sources (including China)	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Trinidad & Tobago/ subject:									
Quantity	35,230	37,787	26,418	25,316	25,089	(25.0)	7.3	(30.1)	(0.9)
Value	24,646	22,929	17,740	16,931	16,898	(28.0)	(7.0)	(22.6)	(0.2)
Unit value	$0.70	$0.61	$0.67	$0.67	$0.67	(4.0)	(13.3)	10.7	0.7
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China:									
Quantity	22,626	5,871	23,335	13,885	20,522	3.1	(74.1)	297.5	47.8
Value	18,510	4,801	16,323	9,888	12,524	(11.8)	(74.1)	240.0	26.7
Unit value	$0.82	$0.82	$0.70	$0.71	$0.61	(14.5)	(0.0)	(14.5)	(14.3)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	21,981	27,999	32,461	24,279	21,281	47.7	27.4	15.9	(12.3)
Value	18,321	18,295	23,227	17,347	14,274	26.8	(0.1)	27.0	(17.7)
Unit value	$0.83	$0.65	$0.72	$0.71	$0.67	(14.1)	(21.6)	9.5	(6.1)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Nonsubject (including China):									
Quantity	44,607	33,870	55,796	38,164	41,804	25.1	(24.1)	64.7	9.5
Value	36,830	23,096	39,550	27,235	26,797	7.4	(37.3)	71.2	(1.6)
Unit value	$0.83	$0.68	$0.71	$0.71	$0.64	(14.2)	(17.4)	3.9	(10.2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	79,837	71,657	82,215	63,481	66,892	3.0	(10.2)	14.7	5.4
Value	61,476	46,025	57,290	44,166	43,695	(6.8)	(25.1)	24.5	(1.1)
Unit value	$0.77	$0.64	$0.70	$0.70	$0.65	(9.5)	(16.6)	8.5	(6.1)
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.

Table C-3
Melamine: Summary data concerning the U.S. market with China as nonsubject and questionnaire data for Trinidad and Tobago, 2011-13, January to September 2013, and January to September 2014
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan.-Sept.
	2011	2012	2013	2013	2014	2011-13	2011-12	2012-13	2013-14
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad & Tobago (fn3)	***	***	***	***	***	***	***	***	***
Subject sources (excluding China) (fn3)	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Nonsubject sources (including China)	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
Trinidad & Tobago (fn 3)	***	***	***	***	***	***	***	***	***
Subject sources (excluding China) (fn3)	***	***	***	***	***	***	***	***	***
China	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Nonsubject sources (including China)	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
Trinidad & Tobago/ subject: (fn3)									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
China:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Nonsubject (including China):									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Uses U.S. importers' U.S. shipments of imports based on questionnaire data for Trinidad and Tobago

Table C-4
Melamine: Summary data concerning the U.S. market with questionnaire data for Trinidad and Tobago, 2011-13, January to September 2013, and January to September 2014
(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Reported data					Period changes			
	Calendar year			January to September		Calendar year			Jan.-Sept.
	2011	2012	2013	2013	2014	2011-13	2011-12	2012-13	2013-14
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad & Tobago (fn 3)	***	***	***	***	***	***	***	***	***
Subtotal, Subject countries	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share (fn1)	***	***	***	***	***	***	***	***	***
Importers' share (fn1):									
China	***	***	***	***	***	***	***	***	***
Trinidad & Tobago (fn 3)	***	***	***	***	***	***	***	***	***
Subtotal, Subject countries	***	***	***	***	***	***	***	***	***
All others sources	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***
U.S. imports from:									
China:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Trinidad & Tobago/ subject: (fn3)									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Subject sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All other sources:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Total imports:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***
Capacity utilization (fn1)	***	***	***	***	***	***	***	***	***
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments (fn1)	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***
Wages paid ($1,000)	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit of (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***
COGS/sales (fn1)	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (fn1)	***	***	***	***	***	***	***	***	***

Notes:

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Undefined.
fn3.--Uses U.S. importers' U.S. shipments of imports based on questionnaire data for Trinidad and Tobago

APPENDIX D

NONSUBJECT COUNTRY PRICE DATA

Two importers reported price data for nonsubject countries Germany and the Netherlands for products 1, 2, and 3. Price data reported by these firms accounted for *** percent of U.S. imports from Germany and *** percent of U.S. imports from the Netherlands. These price items and accompanying data are comparable to those presented in tables V-4 and V-5.[1] Price and quantity data for Germany and the Netherlands are shown in tables D-1 and D-2 and in figures D-1 and D-2 (with domestic and subject sources).

In comparing nonsubject country pricing data with United States pricing data, prices for product imported from Germany and the Netherlands were lower than prices for U.S.-produced product in *** instances and higher in *** instances. In comparing China pricing data with nonsubject countries' pricing data, prices for product imported from China were lower than prices for product imported from Germany and the Netherlands in *** instances and higher in *** instances. In comparing Trinidad and Tobago pricing data with pricing data for nonsubject countries' pricing data, prices for product imported Trinidad and Tobago were lower than prices for product imported from Germany and the Netherlands in *** instances and higher in *** instances. A summary of margins of underselling and overselling is presented in table D-3 and D-4.

Table D-1

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,[1] by quarters, January 2011-September 2014

* * * * * * *

Table D-2

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,[1] by quarters, January 2011-September 2014

* * * * * * *

Figure D-1

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by quarters,[1] January 2011-September 2014

* * * * * * *

[1] Tables are shown for pricing products 2 and 3 only. No imports of product 1 from Germany or the Netherlands were reported.

Figure D-2

Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by quarters,[1] January 2011-September 2014

* * * * * * *

Table D-3

Melamine: Summary of underselling/(overselling), by country, January 2011-September 2014

* * * * * * *

Table D-4

Melamine: Instances of Trinidad and Tobago underselling/overselling China, and the range and average of margins, by country, January 2011-September 2014

* * * * * * *