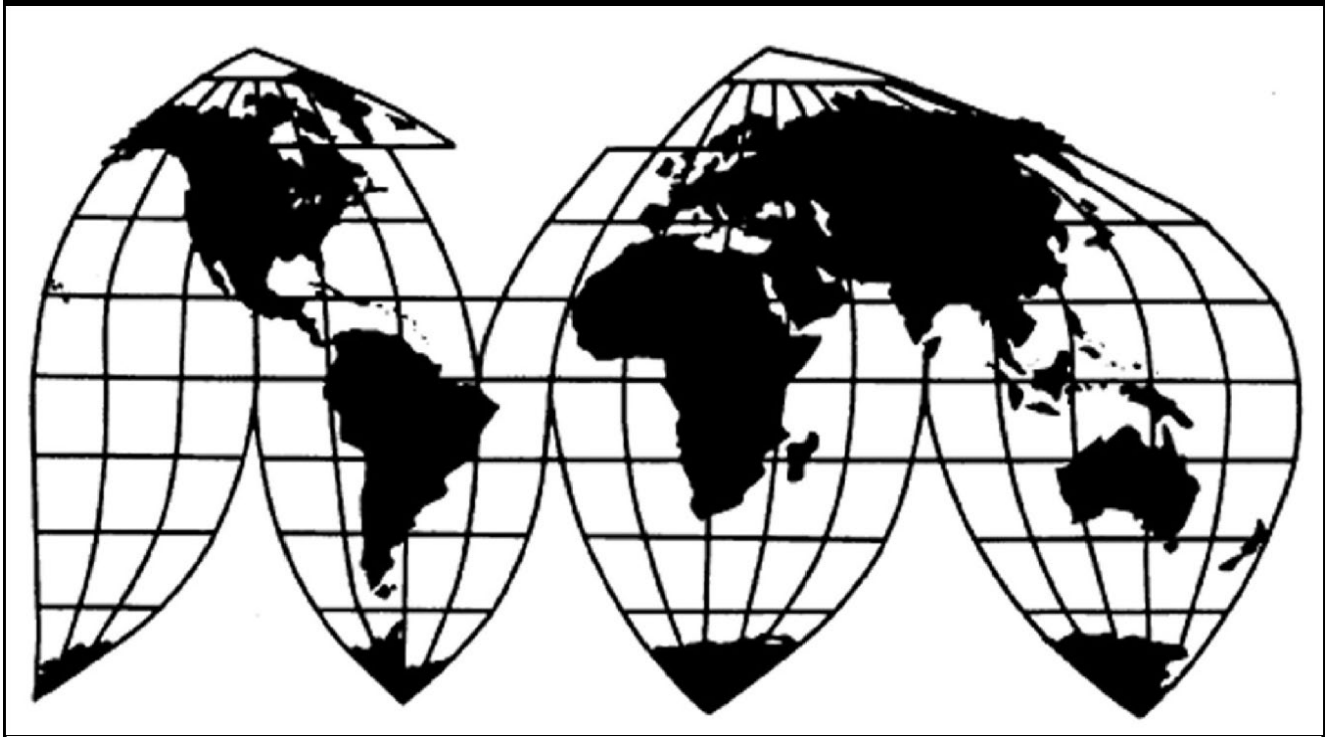
Melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago

Investigation Nos. 701-TA-706-709 and 731-TA-1667-1672 (Preliminary)

Publication 5503 **April 2024**

U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-706-709 and 731-TA-1667-1672 (Preliminary)

Melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of melamine from Germany, India, Netherlands, Qatar, and Trinidad and Tobago, 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 alleged to be subsidized by the Governments of Germany, India, Qatar, and Trinidad and Tobago.[2] The Commission also determines that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of melamine from Japan, 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 LTFV.[3]

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 § 207.21 of the Commission's rules, upon notice from the U.S. Department of Commerce ("Commerce") of affirmative preliminary determinations in the investigations under §§ 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 §§ 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. Any other party may file an entry of appearance for the final phase of the investigations after publication of the final

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

[2] 89 FR 17381 and 89 FR 17413 (March 11, 2024).

[3] 89 FR 17413 (March 11, 2024).

phase notice of scheduling. 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. As provided in section 207.20 of the Commission's rules, the Director of the Office of Investigations will circulate draft questionnaires for the final phase of the investigations to parties to the investigations, placing copies on the Commission's Electronic Document Information System (EDIS, https://edis.usitc.gov), for comment.

BACKGROUND

On February 14, 2024, Cornerstone Chemical Company, Waggaman, Louisiana, filed petitions with the Commission and Commerce, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized imports of melamine from Germany, India, Qatar, and Trinidad and Tobago and LTFV imports of melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago. Accordingly, effective February 14, 2024, the Commission instituted countervailing duty investigation Nos. 701-TA-706-709 and antidumping duty investigation Nos. 731-TA-1667-1672 (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 February 21, 2024 (89 FR 13090). The Commission conducted its conference on March 6, 2024. All persons who requested the opportunity were permitted to participate.

Views of the Commission

Based on the record in the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of melamine from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago, that are allegedly sold in the United States at less than fair value and imports of melamine from Germany, India, Qatar, and Trinidad & Tobago that are allegedly subsidized by the governments of Germany, India, Qatar, and Trinidad & Tobago. We also find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of melamine from Japan that are allegedly sold in the United States at less than fair value.

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

[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.

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 February 14, 2024, by Cornerstone Chemical Company ("Cornerstone," or "Petitioner"), the only known domestic producer of melamine during the period of investigation ("POI").[3] Cornerstone appeared at the staff conference accompanied by counsel and submitted a postconference brief.[4]

Several respondent entities participated in these investigations. Qatar Melamine Company ("QMC"), producer and exporter of melamine in Qatar, appeared at the staff conference accompanied by counsel and submitted a postconference brief.[5] U.S. purchasers of subject merchandise, Hexion Inc. ("Hexion") and Wilsonart Engineered Surfaces ("Wilsonart"), appeared at the staff conference accompanied by counsel and submitted separate postconference briefs.[6] U.S. importer and purchaser of subject merchandise, Kronospan USA LLC ("Kronospan"), did not participate in the conference, but submitted a postconference

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

[3] Confidential Staff Report, INV-WW-022 (Mar. 25, 2024) ("CR") at I-4 & Table I-1; *Melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago*: Inv. Nos. 701-TA-706-709 and 731-TA-1667-1672 (Prelim.), USITC Pub. 5503 (Apr. 2024) ("PR") at I-4 & Table I-1 (together, "CR/PR").

[4] Petitioner's Postconference Brief, EDIS Doc. 815860 (March. 11, 2023) ("Petitioner's Postconf. Br.").

[5] QatarEnergy is the parent company of QMC, the sole producer of melamine in Qatar. Conf. Tr. at 1; Qatar Energy Postconference Brief, EDIS Doc. 815929 at 1.

[6] Hexion Postconference Brief, EDIS Doc. 815924 ("Hexicon Postconf. Br.") at 1; Wilsonart Postconference Brief, EDIS Doc. 815913 ("Wilsonart Postconf. Br.") at 1.

brief.[7] U.S. importer of subject merchandise from India, S.A.F.E. Chemicals LLC ("S.A.F.E."), appeared at the staff conference accompanied by counsel and submitted a postconference brief.[8] A producer and exporter of subject merchandise from India, Gujarat State Fertilizers and Chemicals Limited ("GSFC"), appeared at the staff conference accompanied by counsel and submitted a postconference brief.[9] Producer and exporter of melamine in Trinidad & Tobago, Methanol Holdings (Trinidad) Ltd., and its affiliate Helm AG, a U.S. importer of subject merchandise from Trinidad & Tobago (together, "MHTL"), appeared at the staff conference accompanied by counsel and submitted a joint postconference brief.[10] OCI Nitrogen B.V. ("OCI"), a foreign producer and exporter of melamine in the Netherlands, did not participate in the conference, but submitted a postconference brief.[11] [12]

No respondent entity representing producers or exporters of melamine from Germany or producers, exporters, or importers of melamine from Japan participated in these investigations.

Except as noted, U.S. industry data are based on the questionnaire response of Cornerstone, which accounted for all known U.S. production of melamine in 2023.[13] U.S. import data are based on official U.S. Department of Commerce ("Commerce") import statistics under Harmonized Tariff Schedule of the United States ("HTSUS") subheading 2933.61.00 and

[7] Kronospan Postconference Brief, EDIS Doc. 815939 ("Kronospan Postconf. Br.") at 1. Kronospan's U.S. affiliate, Kronochem USA LLC, imported *** subject merchandise from ***. CR/PR at Table IV-1; *** at pg. 4.

[8] S.A.F.E. Chemicals Postconference Brief, EDIS Doc. 815930 ("S.A.F.E Postconf. Br.") at 1.

[9] GSFC Postconference Brief, EDIS Doc. 815845 ("GSFC Postconf. Br.") at 1.

[10] MHTL Postconference Brief, EDIS Doc. 815928 ("MHTL Postconf. Br.") at 1.

[11] OCI Postconference Brief, EDIS Doc. 815917 ("OCI Postconf. Br.") at 1.

[12] An unnamed "United States company that produces resins" submitted a prehearing submission. *See* Brief Non-Party Statement, EDIS Doc. 515400 (Mar. 4, 2024).

[13] CR/PR at I-4.

from the questionnaire responses of 13 U.S. importers.[14] Responding importers represented *** percent of the volume of U.S. imports of melamine from subject sources in 2023 as reported in official Commerce import statistics,[15] including *** percent of subject imports from Germany, *** percent of subject imports from India, *** percent of subject imports from Japan, *** percent of subject imports from the Netherlands, *** percent of subject imports from Qatar, and *** percent of subject imports from Trinidad & Tobago during the POI.[16] The Commission received usable questionnaire responses from five foreign producers/exporters of subject merchandise accounting for *** production of melamine in India, the Netherlands, Qatar, and Trinidad & Tobago, and *** percent of melamine production in Germany.[17] In contrast, the Commission did not receive a usable questionnaire response from foreign producers/exporters of subject merchandise from Japan.[18]

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."[19] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Tariff Act"), defines

[14] CR/PR at I-4 & IV-1.

[15] CR/PR at IV-1.

[16] CR/PR at IV-1.

[17] CR/PR at VII-3. Exports to the United States in 2023 reported in the foreign producer questionnaire responses represented (as a share of the volume of official Commerce import statistics) *** percent of imports of subject merchandise from Germany, *** percent of imports of subject merchandise from India, *** percent of imports of subject merchandise from the Netherlands, *** percent of subject imports from Qatar, and *** percent of subject imports from Trinidad & Tobago. CR/PR at VII-3.

[18] CR/PR at VII-3.

[19] 19 U.S.C. § 1677(4)(A).

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."[20] 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."[21]

By statute, the Commission's "domestic like product" analysis begins with the "article subject to an investigation," *i.e.*, the subject merchandise as determined by Commerce.[22] Therefore, Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value is "necessarily the starting point of the Commission's like product analysis."[23] The Commission then defines the domestic like product in light of the imported articles Commerce has identified.[24] 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

[20] 19 U.S.C. § 1677(4)(A).

[21] 19 U.S.C. § 1677(10).

[22] 19 U.S.C. § 1677(10). The Commission must accept Commerce's determination as to the scope of the imported merchandise that is subsidized and/or sold at less than fair value. *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).

[23] *Cleo Inc. v. United States*, 501 F.3d 1291, 1298 (Fed. Cir. 2007); see also Hitachi Metals, Ltd. v. *United States*, 949 F.3d 710, 715 (Fed. Cir. 2020) (the statute requires the Commission to start with Commerce's subject merchandise in reaching its own like product determination).

[24] *Cleo*, 501 F.3d at 1298 n.1 ("Commerce's {scope} finding does not control the Commission's {like product} determination."); *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); *Torrington Co. v. United States*, 747 F. Supp. 744, 748–52 (Ct. Int'l Trade 1990), *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991) (affirming the Commission's determination defining six like products in investigations where Commerce found five classes or kinds).

uses" on a case-by-case basis.[25] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[26] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[27] It may, where appropriate, include domestic articles in the domestic like product in addition to those described in the scope.[28]

A. Scope Definition

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

> {M}elamine (Chemical Abstracts Service ("CAS") registry number 108–78–01, molecular formula $C_3H_6N_6$). 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 orders 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

[25] *See, e.g., Cleo*, 501 F.3d at, 1299; *NEC Corp. v. Dep't 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).

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

[27] *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.").

[28] *See*, *e.g.*, *Pure Magnesium from China and Israel*, Inv. Nos. 701-TA-403 and 731-TA-895-96 (Final), USITC Pub. 3467 (Nov. 2001) at 8 n.34; *Torrington,* 747 F. Supp. at 748-49 (holding that the Commission is not legally required to limit the domestic like product to the product advocated by the petitioner, co-extensive with the scope).

> the mixture is covered by the scope of these orders. Melamine that is otherwise subject to these orders is not excluded when commingled with melamine from sources not subject to this investigation. Only the subject component of such commingled products is covered by the scope of these orders.
>
> 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.[29]

Melamine is an organic chemical most commonly used in the production of melamine-formaldehyde ("MF") resins. It is sold as a white, crystalline powder with a purity of 99.8 percent.[30] MF resins are used in the production of laminates, surface coatings, adhesives, molding compounds, paper treatments, and other applications.[31] MF resins are also used in kitchen and bathroom countertops, tabletops, doors, and cabinets made using laminates, particularly surface coatings, molding compounds, paper and textile treatments, and adhesives.[32] MF resins provide hardness, transparency, and stain resistance for a long-lasting working surface.[33] Melamine is also used in the automotive, appliance, dinnerware, furniture, fabric, and wood paneling industries, and in textile treatment applications.[34] Melamine is produced by thermal decomposition of urea, which is accomplished by heating and concentrating urea in a water solution.[35] Melamine can be produced using a low-pressure

[29] *Melamine From Germany, India, Japan, the Netherlands, Qatar, and Trinidad & Tobago: Initiation of Less-Than-Fair-Value Investigations*, 89 Fed. Reg. 17413 (Mar. 11, 2024) ("*Initiation Notice*"); *Melamine From Germany, India, Qatar, and Trinidad & Tobago: Initiation of Countervailing Duty Investigations*, 89 Fed. Reg. 17381 (Mar. 11, 2024); CR/PR at I-6.

[30] CR/PR at I-7.

[31] CR/PR at I-7.

[32] CR/PR at I-7, II-1.

[33] CR/PR at I-7.

[34] CR/PR at I-7.

[35] CR/PR at I-8.

catalytic process, which is used by Cornerstone as well as several producers in subject countries, or a high-pressure non-catalytic process used in newer plants.[36]

B. Arguments of the Parties

Petitioner's Argument. Cornerstone argues that the Commission should define a single domestic like product coextensive with the scope of these investigations.[37] It argues that the Commission's traditional domestic like product factors support defining a single domestic like product coextensive with the scope, given that all melamine has the same physical characteristics and chemical structure, shares the same production processes and manufacturing facilities using the same employees, is interchangeable to the extent that the melamine meets the same specifications, is sold through similar channels of distribution, is perceived by producers and customers as a distinct product category, and is sold within a reasonable range of prices depending on the packaging.[38]

Respondents' Argument. Respondents do not raise any arguments regarding the definition of the domestic like product for purposes of the preliminary phase of these investigations.[39]

C. Analysis

Based on the record, and absent any argument to the contrary, we define a single domestic like product consisting of melamine, coextensive with Commerce's scope in these investigations.

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[36] CR/PR at I-8.

[37] Petitioner's Postconf. Br. at 3-5.

[38] Petitioner's Postconf. Br. at 3-5.

[39] Transcript of March 24, 2023, Staff Conference ("Conf. Tr.") at 141-142 (Emerson, Dutra, Levinson, Campbell, and Craven).

We consider whether the Commission should continue to define a single domestic like product coextensive with the scope, as it has in past investigations and reviews involving melamine. In *Melamine from Japan* ("*Melamine I*") and *Melamine from China and Trinidad & Tobago* ("*Melamine II*"), in which the scope was essentially identical to that in these investigations, the Commission defined a single domestic like product coextensive with the scope based on its finding that all domestically produced melamine had the same chemical composition, was primarily used to manufacture resins for laminates, was produced on the same equipment and to the same U.S. industry standards, and was interchangeable.[40] Based on the following analysis, and in the absence of any argument to the contrary, we again define a single domestic like product comprising all melamine within the scope of the investigations.

Physical Characteristics and Uses. The record in the preliminary phase of these investigations indicates that all forms of melamine share the same physical characteristics and overlapping end 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.[41] All melamine has the same chemical composition, characteristics, specifications, and uses.[42] Melamine is used primarily to manufacture resins for laminates for kitchen and bathroom countertops, tabletops, doors, and cabinets.[43]

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[40] *Melamine From Japan*, Inv. No. AA1921-162 (Review), USITC Pub. 3209 (July 1999) (*"Melamine I*") at 5; *Melamine from China and Trinidad and Tobago,* Inv. Nos. 701-TA-526-527 and 731-TA-1262-1263 (Final), USITC Pub. 4585 (Dec. 2015) ("*Melamine II*"*)* at 6. The Commission adopted the same definition of the domestic like product in the subsequent expedited review of the order on melamine from China. *Melamine from China,* Inv. Nos. 701-TA-526 and 731-TA-1262 (Review), USITC Pub. 5210 (June 2021) at 7-8.

[41] Conf. Tr. at 18-19 (Frank); CR/PR at I-7.

[42] Conf. Tr. at 19 (Frank).

[43] CR/PR at I-7.

Manufacturing Facilities, Production Processes, and Employees. The record indicates that all melamine is produced through the thermal decomposition of urea either through a low-pressure catalytic process or a high-pressure noncatalytic process.[44] All domestically produced melamine is produced on the same production equipment in a single facility by the same employees, using the low-pressure catalytic production process.[45] No other products can be produced on the same equipment used to manufacture melamine.[46]

Channels of Distribution. Information on the record shows that Cornerstone sold *** of its melamine to ***.[47]

Interchangeability. The record indicates that all melamine is interchangeable in that all melamine has the same chemical composition and must meet the same industry specifications when sold in the United States.[48] Cornerstone asserts and respondents do not dispute that the general industry standard is melamine with a purity greater than 99.8 percent.[49]

Price. According to Cornerstone, melamine is a commodity product that is commercially interchangeable and highly substitutable, making price the "overriding" purchasing factor.[50]

Conclusion. The record in the preliminary phase of these investigations indicates that all melamine corresponding to the scope of these investigations shares the same physical characteristics, is used in similar applications, and is manufactured in the same facilities using the same employees and production processes. All melamine is also sold through similar

[44] CR/PR at I-8-9.
[45] Conf. Tr. at 16 (Sokol), 93 (Blaser); CR/PR at I-8.
[46] Conf. Tr. at 52 (Frank).
[47] CR/PR at Table II-1.
[48] CR/PR at I-7; Conf. Tr. at 19 (Frank), 28 (Driscoll), 52-53 (Blaser).
[49] CR/PR at I-7.
[50] Conf. Tr. at 19 (Frank), 25 (Driscoll); Petitioner's Post Conf. at 14.

channels of distribution, is perceived by customers and producers as a distinct product category, and is sold for similar prices. The scope in these investigations is essentially identical to those that were at issue in *Melamine I* and *Melamine II*, in which the Commission defined a single domestic like product coextensive with the scope, and there is no new information or argument on the record of these investigations that would warrant a different definition of the domestic like product.[51] Accordingly, we define a single domestic like product consisting of melamine, coextensive with Commerce's scope.

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."[52] 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.

The statute defines the relevant 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 product."[53] Cornerstone argues that the domestic industry should be defined to include only Cornerstone, the sole domestic producer of melamine.[54] Respondents have not raised any domestic industry arguments and there are no related party or other issues

[51] *Melamine I*, USITC Pub. 3209 at 5; *Melamine II*, USITC Pub. 4585 at 6; s*ee also Melamine from China,* Inv. Nos. 701-TA-526 and 731-TA-1262 (Review), USITC Pub. 5210 (June 2021) at 7-8.

[52] 19 U.S.C. § 1677(4)(A).

[53] 19 U.S.C. § 1677(4)(A).

[54] Petitioner's Postconf. Br. at 5.

regarding the definition of the domestic industry in the preliminary phase of these investigations.[55] Accordingly, consistent with our definition of the domestic like product, we define the domestic industry as Cornerstone, the sole U.S. producer of melamine.

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.[56]

Cornerstone argues that questionnaire response data indicate subject imports from all six subject countries exceed the three percent threshold and are, therefore, not negligible.[57]

Official Commerce import statistics for melamine are based on imports entering under HTSUS Chapter 29 covering "Organic Chemicals," subheading 2933.61.00 which is defined as "Melamine (Cyanurtriamide; 2,4,6-triamino symtriazine)."[58] Officials for Cornerstone, MHTL, Hexion, and S.A.F.E. all indicated at the conference that they are not aware of any out-of-scope merchandise entering the United States under this subheading.[59] Furthermore, parties stated at the conference that they are unaware of any significant quantities of in-scope melamine imported under a different subheading.[60] Therefore, consistent with the Commission's

[55] CR/PR at III-1-2.

[56] 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)).

[57] Petitioner's Postconf. Br. at 6.

[58] *See* Petition Volume I at 11, Exhibit I-10 (citing Chapter 29 of the HTSUS).

[59] Conf. Tr. at 50 (McLain), 129 (Emerson), 129-130 (Chandan), 130 (Dutra); S.A.F.E. Postconf. Br. at Answers to Staff Questions, Pg. 2.

[60] Conf. Tr. at 49-50 (McLain and Driscoll), 129 (Emerson); S.A.F.E. Postconf. Br. at Answers to Staff Questions, Pg. 2 (indicating that "only a single HTS code is used for imports of melamine. (Continued…)

approach in *Melamine II*,[61] we find that the best information available on the record for the purposes of its negligibility calculations in the preliminary phase of the investigations consists of official Commerce U.S. import statistics under the primary HTSUS subheading, 2933.61.00 concerning the volume of imports from each subject country and the total volume of imports during the relevant 12-month period.

Given the completeness of official Commerce U.S. import statistics, we disagree with Cornerstone's argument that the Commission should use questionnaire response data for analyzing negligibility. Cornerstone provides no evidence that questionnaire response data are more reliable than official import statistics for the purposes of this analysis or that official import statistics are incomplete.[62] Indeed, Cornerstone's counsel testified that official Commerce import "data are useful" to the Commission "because the relevant HTS subheading is specific to melamine" and that because the "scope covers melamine in all forms," Cornerstone would not expect significant volumes of out-of-scope merchandise entering under this category.[63]

(…Continued)
Accordingly, with respect to volume, there are not major issues" regarding the accuracy of U.S. import statistics").

[61] *Melamine II*, USITC Pub. 4585 at 7 n.26; *Melamine from China and Trinidad & Tobago*, Inv. Nos. 701-TA-526-527 and 731-TA-1262-1263 (Preliminary), USITC Pub. 4514 (Jan. 2015) at 7-8.

[62] Cornerstone asserts that data from the questionnaire responses are a more "accurate and probative source" than official Commerce import statistics for analyzing subject imports because they "allow the Commission to assess relationships between import entries and U.S. commercial shipments of imports using the same data sources." Petitioner's Postconf. Br. at Exhibit 1, pg. 17. When asked to explain in its postconference brief how the questionnaire responses could be used in the negligibility analysis, Cornerstone referred to section IV of its brief, which states that the record evidence establishes that subject imports from each of the subject countries are not negligible without providing a further explanation. *Id*. at 6 & Exhibit 1, pg. 17.

[63] Conf. Tr. at 34, 50 (McLain).

Based on official Commerce import statistics, during the 12-month period preceding the filing of the petitions (February 2023 through January 2024), subject imports from Germany accounted for 23.0 percent of total imports, subject imports from India accounted for 16.4 percent of total imports, subject imports from Japan accounted for 2.9 percent of total imports, subject imports from the Netherlands accounted for 30.4 percent of total imports, subject imports from Qatar accounted for 9.0 percent of total imports, and subject imports from Trinidad & Tobago accounted for 16.2 percent of total imports.[64] Consequently, we find that imports of melamine from Germany, India, Qatar, the Netherlands, and Trinidad & Tobago subject to the antidumping duty investigations are not negligible and that imports from Germany, India, Qatar, and Trinidad & Tobago subject to the countervailing duty investigations are not negligible.

Because imports from Japan subject to the antidumping duty investigation are below the negligibility threshold, however, we find that such imports are negligible for purposes of the Commission's analysis of present material injury.

We next consider whether subject imports from Japan have the potential to imminently exceed the three percent negligibility threshold for purposes of determining threat of material

[64] CR/PR at Table IV-5. Questionnaire responses from Qatar represented *** percent of subject imports from Qatar because ***. CR/PR at IV-1 n.3. However, if we include such imports in our calculations, subject imports from Qatar would be *** above the negligibility threshold. Further, this adjustment would have no effect on the denominator of the Commission's negligibility calculation, which represents total imports.

Based on importer questionnaire responses, during the 12-month period preceding the filing of the petitions (February 2023 through January 2024), subject imports from Germany accounted for *** percent of total imports, subject imports from India accounted for *** percent of total imports, subject imports from Japan accounted for *** percent of total imports, subject imports from the Netherlands accounted for *** percent of total imports, subject imports from Qatar accounted for *** percent of total imports, and subject imports from Trinidad & Tobago accounted for *** percent of total imports. *See* U.S. Importer Questionnaire Responses at II-3b; CR/PR at Table IV-5 Note.

injury. First, as discussed above, subject imports from Japan accounted for 2.9 percent of total imports during the February 2023 through January 2024 period, which approaches the three percent negligibility threshold.[65] Moreover, melamine imports from Japan during consecutive 12-month periods accounted for a generally increasing share of total imports since the 12-month period ending January 2022, particularly since September 2023, and even exceeded three percent in November 2023 (*i.e.*, *** percent).[66] Finally, the volume of arranged subject imports from Japan for the first half of 2024 accounted for *** percent of total arranged imports.[67]

For the above reasons, based on the record of the preliminary phase of the investigations, we find that there is a potential that subject imports from Japan will imminently account for more than three percent of total imports of melamine. Accordingly, we find that imports from Japan subject to the antidumping duty investigation are not negligible for purposes of analyzing threat of material injury by subject imports from Japan in the preliminary phase of these investigations.

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

[65] CR/PR at Table IV-5.

[66] CR/PR at Table IV-6, Fig. IV-2.

[67] CR/PR at Table VII-14. We note that the first half of 2024 contains a month included in the negligibility period (January 2024). *Id*. Because no subject producer in Japan submitted a questionnaire response, there is no information on the record concerning the Japanese industry's capacity, inventories, or exports. CR/PR at I-3 n.7. The lack of participation by the Japanese producers and missing data relevant to our threat analysis further supports our negligibility finding. *See* section VIII.C.1 below.

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.[68]

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.[69] Only a "reasonable overlap" of competition is required.[70]

Two of the four statutory exceptions to the general cumulation rule apply to these investigations. First, as the Commission found in Section V above that subject imports from

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

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

[70] 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.").

Japan are negligible for purposes of present material injury, subject imports from Japan are ineligible for cumulation for purposes of the Commission's analysis of present material injury.[71]

The second statutory exception to cumulation relates to Trinidad & Tobago, which is a beneficiary country under CBERA.[72] Under the CBERA exception in the statute, subject imports from Trinidad & Tobago may only be cumulated with imports from another CBERA country for purposes of determining material injury, or threat thereof, by reason of imports from the CBERA beneficiary country or countries.[73] Consequently, the Commission may not cumulate subject imports from Germany, India, the Netherlands, and Qatar for purposes of its determinations on subject imports from Trinidad & Tobago. The CBERA exception, however, does not bar the Commission from cumulating subject imports from Trinidad & Tobago with subject imports from Germany, India, the Netherlands, and Qatar for the purposes of determining reasonable indication of material injury by reason of subject imports from Germany, India, the Netherlands, and Qatar.[74] Nor does the CBERA exception bar the Commission from exercising its discretion to cumulate subject imports from Trinidad & Tobago with subject imports from Germany, India, Japan, the Netherlands, and Qatar for purposes of

[71] 19 U.S.C. § 1677(7)(G)(ii)(II).

[72] *Harmonized Tariff Schedule of the United States Revision 1 (2024) Note 7 Products of Countries Designated as Beneficiary Countries for Purposes of the Caribbean Basin Economic Recovery Act (CBERA)*, at 7(a).

[73] 19 U.S.C. § 1677(7)(G)(ii)(III), 1677(7)(H).

[74] *See Melamine from China and Trinidad & Tobago*, Inv. Nos. 701-TA-526-527 and 731-TA-1262-1263 (Final), USITC Pub. 4585 at 8-10 (Dec. 2015) (applying CBERA exception to cumulation for purposes of determination involving melamine from Trinidad & Tobago, but cumulating imports from China and Trinidad & Tobago for purposes of determination on subject imports from China); *Urea Ammonium Nitrate Solutions from Russia and Trinidad and Tobago*, Inv. Nos. 701-TA-668-669 and 731-TA-1565-1566 (Final), USITC Pub. 5338 (Aug. 2022) at 10-11 (applying CBERA exception to cumulation for purposes of determination involving melamine from Trinidad & Tobago, but cumulating imports from Russia and Trinidad & Tobago for purposes of determination on subject imports from Russia).

determining reasonable indication of threat of material injury by reason of subject imports from Japan.

A. Arguments of the Parties

Petitioner's Argument. Cornerstone argues that the Commission should cumulate subject imports from all six subject countries for its analysis of present material injury of subject imports from Germany, India, Japan, the Netherlands, and Qatar. Cornerstone argues that subject imports from all sources and the domestic like product are fungible and compete head-to-head against each other in the U.S. market.

Cornerstone cites to *Melamine I and II* to contend that melamine, regardless of the source, is a fungible commodity product.[75] It asserts that subject imports and the domestic like product are sold in the same geographic markets, with Census data indicating that subject imports entered the U.S. market through ports throughout all regions in the United States, and most imports from subject countries entering through ports in the Northeast and Southeast.[76] It further asserts that Cornerstone and importers of subject merchandise both sell *** melamine to *** while selling *** to ***.[77] It also contends that the domestic like product and subject imports from all six subject countries were present in the U.S. market throughout the POI.[78]

[75] Petitioner's Postconf. Br. at 9. Specifically, in *Melamine II*, the Commission found that the "all melamine has the same chemical composition and that, when sold in the United States, it must meet the same industry purity standards." *Melamine II*, USITC Pub. 4585 at 17. Furthermore, in *Melamine I*, the Commission found that melamine is a commodity product. *Melamine I*, USITC Pub. 3209 at 8.

[76] Petitioner's Postconf. Br. at 10.

[77] Petitioner's Postconf. Br. at 9-10.

[78] Petitioner's Postconf. Br. at 10.

Respondents' Argument. For the purposes of the preliminary phase of these investigations, respondents have not raised any cumulation arguments.[79]

B. Analysis

We consider subject imports from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago on a cumulated basis for our present material injury analysis regarding subject imports from Germany, India, the Netherlands, and Qatar because the statutory criteria for cumulation appear to be satisfied. As an initial matter, Cornerstone filed the antidumping and countervailing duty petitions on imports from all six countries on the same day, February 14, 2024.[80] As discussed below, the record also appears to support finding a reasonable overlap of competition between and among melamine imported from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago, and the domestic like product.

Fungibility. Cornerstone reported that melamine from all sources is *** interchangeable and indicates that all melamine can be used by U.S. downstream manufacturers regardless of the source and whether it is produced using a high-pressure or low-pressure process.[81] MHTL claims that U.S. consumers prefer purchasing melamine produced using natural gas instead of coal for environmental sustainability reasons.[82] QMC, GSFC, and Wilsonart contend that while the different production processes yield chemically

[79] Conf. Tr. at 142-143 (Dutra, Levinson, Craven, and Campbell).

[80] CR/PR at I-1.

[81] U.S. producer Cornerstone and foreign subject producers in Germany and the Netherlands, LAT and OCI, respectively, use the low-pressure process while melamine producers in Trinidad & Tobago and Qatar, MHTL and QMC, respectively, use the high-pressure process. CR/PR at I-8. Indian subject producer GSFC manufactured melamine using both processes until 2022, when it closed its low-pressure plant. Currently, it only produces melamine using the high-pressure process. *Id*.

[82] Conf. Tr. at 123, 165 (Sukhu-Maharaj).

identical products,[83] customers prefer melamine produced by the high-pressure process used by foreign subject producers rather than the low-pressure process used by Cornerstone.[84] [85] Notwithstanding these alleged distinctions, most responding U.S. importers reported that subject imports from Germany, India, Qatar, the Netherlands, and Trinidad & Tobago are always or frequently interchangeable with each other as well as the domestic like product.[86]

The Commission's pricing data indicate that there was head-to-head competition for sales of pricing product two between the domestic like product and subject imports from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago.[87] In addition, purchasers responding to the Commission's Lost Sales/Lost Revenue survey reported purchasing subject imports from all five of these subject countries instead of the domestic like product.[88]

Furthermore, the record indicates that subject imports from each subject country overlapped with the domestic like product in terms of packaging types. Specifically, a *** of U.S. shipments in 2023 by the domestic industry and responding importers of subject

[83] MHTL Post Conf. Br. at 10-11.

[84] QMC Post Conf. Br. at Exhibit 1, pg. 2, Exhibit 12 (asserting that the "'newer, more advanced high-pressure method' of production 'can generate higher purity and other physical characteristics that may impact processing'"); GSFC Post Conf. Br. at Attachment A pg. 10; Conf. Tr. at 166 (Carroll). S.A.F.E. claims that melamine produced using the high-pressure process tends to have fewer impurities and less clumping than melamine produced using the low-pressure process. Conf. Tr. at 136-137 (Chandan).

[85] Contrary to the arguments made by respondents claiming that the high-pressure process yields qualitatively superior melamine, MHTL asserts that the clumping caused by its high-pressure non-catalytic process resulted in several of its U.S. customers, amounting to approximately one quarter of the U.S. market, refusing to purchase its product. Conf. Tr. at 122 (Sukhu Maharaj); MHTL Post Conf. Br. at 10-11. Cornerstone has indicated that clumping can occur regardless of the manufacturing process used. Conf. Tr. at 77 (Driscoll).

[86] CR/PR at Table II-11. Most responding importers reported that the domestic like product is always interchangeable with melamine from all subject sources. *Id*.

[87] CR/PR at Table V-6. Pricing product 2 is unground melamine crystal in bags of 1,000 to 3,000 pounds. CR/PR at V-6.

[88] CR/PR at Table V-13.

merchandise from all subject countries but Qatar were of melamine packaged in bags of 1,000 to 3,000 pounds.[89] Subject imports from Qatar overlapped with the domestic like product with respect to bulk packaging.[90]

Channels of Distribution. The domestic like product was primarily sold to ***, with the percentage of the domestic industry's U.S. shipments sold to *** ranging between *** and *** percent during the POI.[91] Similarly, in 2023, *** subject imports from India, the Netherlands, Qatar, and Trinidad & Tobago and *** of subject imports from Germany (*** percent) were sold to ***.[92]

Geographic Overlap. The domestic like product and subject imports from Trinidad & Tobago were sold in every region in the United States.[93] Subject imports from India and the Netherlands were reportedly sold in all regions of the United States except the Mountains region, subject imports from Germany were sold in the Northeast, Midwest, and Southeast regions, and subject imports from Qatar were sold in the Northeast and Southeast regions.[94]

[89] Melamine shipped in bags of 1,000 to 3,000 pounds accounted for *** percent of U.S. shipments by Cornerstone. CR/PR at Table IV-7. Among importers of subject merchandise, the share of U.S. shipments accounted for by shipments of melamine shipped in bags of 1,000 to 3,000 pounds were *** percent for imports from Germany, *** percent for India, *** percent for the Netherlands, and *** percent for Qatar. *Id.*

[90] Melamine unpackaged in bulk accounted for *** percent of U.S. shipments by Cornerstone and *** percent of U.S. shipments of imports from Qatar in 2023. CR/PR at Table IV-7.

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

[92] CR/PR at II-1.

[92] CR/PR at Table II-2.

[93] CR/PR at Table II-2.

[94] CR/PR at Table II-2.

Official Commerce import statistics indicate that imports from all subject countries entered the United States through ports located primarily in the East region.[95]

Simultaneous Presence in Market. Based on official Commerce import statistics, subject imports from the Netherlands were present in the U.S. market in all 36 months of the POI, subject imports from Germany were present in 35 months, subject imports from India were present in 32 months, subject imports from Qatar were present in 11 months, and subject imports from Trinidad & Tobago were present in 30 months.[96]

Conclusion. For the purposes of its material injury analysis with respect to subject imports from Germany, India, the Netherlands, and Qatar, the record of the preliminary phase of the investigations indicates that subject imports from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago are fungible with the domestic like product and each other.[97] It also indicates that imports from each of these subject countries and the domestic like product were sold in overlapping channels of distribution and geographic markets and were simultaneously present in the U.S. market during the period of investigation. Because there appears to be a reasonable overlap of competition between and among imports from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago and the domestic like product, we cumulate subject imports from these sources for purposes of our analysis of reasonable

[95] CR/PR at Table IV-8. In 2023, 98.8 percent of melamine imports from Germany, 94.8 percent of melamine from India, 100 percent of melamine from the Netherlands and Qatar, and 77.5 percent of subject imports from Trinidad & Tobago, entered through ports in the East region. *Id*.

[96] CR/PR at Table IV-9.

[97] As discussed below, under the CBERA statutory exception to cumulation, the Commission must consider subject imports from Trinidad & Tobago on an individual basis in its material injury analysis of subject imports from Trinidad & Tobago.

indication of material injury by reason of subject imports from Germany, India, the Netherlands, and Qatar.

VII. Reasonable Indication of Material Injury by Reason of Subject Imports from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago

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 States is materially injured or threatened with material injury by reason of the imports under investigation.[98] 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.[99] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[100] In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[101] 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."[102]

[98] 19 U.S.C. §§ 1671b(a), 1673b(a).

[99] 19 U.S.C. § 1677(7)(B). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor ... and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[100] 19 U.S.C. § 1677(7)(A).

[101] 19 U.S.C. § 1677(7)(C)(iii).

[102] 19 U.S.C. § 1677(7)(C)(iii).

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is "materially injured or threatened with material injury by reason of" unfairly traded imports,[103] 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.[104] In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price 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.[105]

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

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[103] 19 U.S.C. §§ 1671b(a), 1673b(a).

[104] *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).

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

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.[106] In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.[107] Nor does the "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.[108] It is

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

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

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

clear that the existence of injury caused by other factors does not compel a negative determination.[109]

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."[110] The Commission ensures that it has "evidence in the record" to "show that the harm occurred 'by reason of' the LTFV imports," and that it is "not attributing injury from other sources to the subject imports." [111] The Federal Circuit has examined and affirmed various Commission methodologies and has disavowed "rigid adherence to a specific formula."[112]

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

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

[110] *Mittal Steel*, 542 F.3d at 876, 878; *see also id.* at 873 ("While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured 'by reason of' subject imports, the Commission is not required to follow a single methodology for making that determination ... {and has} broad discretion with respect to its choice of methodology."), *citing United States Steel Group v. United States*, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75. In its decision in *Swiff-Train v. United States*, 793 F.3d 1355 (Fed. Cir. 2015), the Federal Circuit affirmed the Commission's causation analysis as comporting with the Court's guidance in *Mittal*.

[111] *Mittal Steel*, 542 F.3d at 873 (quoting from *Gerald Metals*, 132 F.3d at 722), 877-79. We note that one relevant "other factor" may involve the presence of significant volumes of price-competitive nonsubject imports in the U.S. market, particularly when a commodity product is at issue. In appropriate cases, the Commission collects information regarding nonsubject imports and producers in nonsubject countries in order to conduct its analysis.

[112] *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.").

evidence standard.[113] Congress has delegated this factual finding to the Commission because of the agency's institutional expertise in resolving injury issues.[114]

B. Conditions of Competition and the Business Cycle

1. Demand Conditions

U.S. demand for melamine depends on the demand for downstream products that use melamine-formaldehyde ("MF") resins.[115] Melamine resins are used in a wide variety of applications, including laminates, surface coatings, and adhesives used in the construction, furniture, and automotive sectors.[116]

Cornerstone, the sole domestic producer of melamine, reported that U.S. demand for melamine fluctuated upwards since January 1, 2021.[117] Importers differed on their reporting of demand movements. Seven of 15 importers reported that U.S. demand fluctuated downwards since January 1, 2021, four of 15 importers reported that U.S. demand fluctuated upwards, three of 15 importers reported no change, and one importer reported that U.S. demand steadily increased.[118]

[113] We provide in our discussion below a full analysis of other factors alleged to have caused any material injury experienced by the domestic industry.

[114] *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.").

[115] CR/PR at I-7.

[116] CR/PR at I-7. Use in laminates and surface coatings reportedly accounted for about *** of annual melamine consumption in the United States in 2023. *Id*.

[117] CR/PR at Table II-5.

[118] CR/PR at Table II-5.

Apparent U.S. consumption of melamine fluctuated during the POI; it increased from 142.1 million pounds in 2021 to 142.7 million pounds in 2022, and then decreased to 115.7 million pounds in 2023, for an overall decrease of 18.6 percent between 2021 and 2023.[119]

2. Supply Conditions

Cornerstone, the sole domestic producer, accounted for *** percent of domestic production of melamine in 2023.[120] The domestic industry was the largest supply source to the U.S. market in both 2021 and 2022, and the second largest supply source to the U.S. market in 2023.[121] The domestic industry's market share declined from *** percent in 2021 to *** percent in 2022 and *** percent in 2023.[122] The domestic industry's practical production capacity increased by *** percent between 2021 and 2023, from *** pounds in 2021 to *** pounds in 2022 and *** pounds in 2023.[123] Its capacity utilization continuously declined over the POI; it declined from *** percent in 2021 to *** percent in 2022 and *** percent in 2023.[124]

Cornerstone and 7 out of 12 importers reported that they experienced supply constraints since January 1, 2021.[125] Respondents argue that the domestic industry was unable to supply the U.S. market during the POI due to constraints related to Cornerstone's invocation of force majeure clauses of certain supply agreements in response to two production curtailments during the POI, one resulting from Hurricane Ida beginning in August 2021 (lasting

[119] CR/PR at Tables IV-10 & C-1.
[120] CR/PR at Table III-1.
[121] CR/PR at Tables IV-10 & C-1.
[122] CR/PR at Tables IV-10 & C-1.
[123] CR/PR at Tables III-5 & C-1.
[124] CR/PR at Tables III-5 & C-1.
[125] CR/PR at II-7.

approximately three weeks), and the other resulting from a "salt coil reactor issue" beginning in May 2022 (lasting for about *** weeks).[126] According to Cornerstone, it was able to supply the U.S. market during the POI regardless of these production curtailments.[127] In any final phase of these investigations, we intend to examine further the issue of domestic industry supply constraints.

Cumulated subject imports grew from the second largest source of supply to the U.S. market in 2021 and 2022 to the largest source in 2023.[128] The market share of cumulated subject imports increased *** percentage points over the POI; it increased from *** percent in 2021 to *** percent in 2022 and *** percent in 2023.[129]

Nonsubject imports were by far the smallest source of supply to the U.S. market throughout the POI.[130] The market share of nonsubject imports (including imports from Japan) fluctuated within a narrow band during the POI, declining from *** percent in 2021 to *** percent in 2022, and then increasing to *** percent in 2023.[131] The largest sources of nonsubject imports during the POI were Japan, Russia, and Switzerland.[132]

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[126] *See, e.g.*, QMC Post Conf. Br. at 1, 5-8; MHTL Postconf. Br. at 5-6, 11-12; S.A.F.E. Postconf. Br. at 7-8; Hexion Postconf. Br. at 7-9; Wilsonart Postconf. Br. at 1, 3-7; OCI Postconf. Br. at 2-5; GSFC Postconf. Br. at 2; Kronospan Postconf. Br. at 3-5.

[127] *See, e.g.*, Petitioner's Postconf. Br. at 32-33 & Exh. 3 (Aff. of Michael Driscoll). In contrast, Respondent QMC asserted that "Cornerstone's inability to reliably supply melamine to the U. S. market lasted for *** days - over *** of the POI." CR/PR at II-7.

[128] CR/PR at Tables IV-10 & C-1.

[129] CR/PR at Tables IV-10 & C-1.

[130] CR/PR at Tables IV-10 & C-1.

[131] CR/PR at Tables IV-10 & C-1. As discussed above, we have found that subject imports from Japan are negligible for purposes of the Commission's analysis of present material injury, and therefore, are considered non-subject imports and are not cumulated with subject imports from Germany, India, the Netherlands, and Qatar for our analysis of present material injury.

[132] CR/PR at IV-4 & Table IV-2.

3. Substitutability and Other Conditions

Based on the record of the preliminary phase of these investigations, we find that there is at least a moderate-to-high degree of substitutability between domestically produced melamine and cumulated subject imports.[133] Cornerstone and most responding U.S. importers reported that the domestically produced product was either always or frequently interchangeable with melamine from subject sources.[134] Differences in some factors such as availability and reliability of supply may limit substitutability to some extent.[135]

The record further indicates that price is an important factor in purchasing decisions for melamine. Four of five responding purchasers identified price among the top three factors considered in purchasing decisions, although purchasers also cited non-price factors, including quality and availability of supply.[136] Price and quality were the most often cited factors that firms consider in their purchasing decisions for melamine (4 firms each).[137] Cornerstone reported that differences other than price were never significant in sales of melamine from different sources for all country comparisons.[138] Although U.S. importers' responses were mixed, the majority of responding importers reported that there were only sometimes or never non-price differences for half of the country comparisons when comparing the domestic like product and subject imports from all six subject countries.[139]

[133] CR/PR at II-12.
[134] CR/PR at Tables II-7 & II-8.
[135] CR/PR at II-12.
[136] CR/PR at Table II-6.
[137] CR/PR at Table II-6.
[138] CR/PR at Table II-9.
[139] CR/PR at Table II-10.

Cornerstone reported that the U.S. market for melamine was subject to distinct business cycles.[140] U.S. importers' responses on this issue were mixed. Six of 12 importers reported that the market was subject to distinct business cycles, while 6 of 12 importers reported that the market was not subject to business cycles.[141] Importers also reported that the business cycle for the U.S. market for melamine generally follows the seasonality for housing construction with increasing sales during the second and third quarter of the year.[142]

Cornerstone reported that *** of its commercial shipments were from inventory, with lead times averaging *** days.[143] U.S. importers reported that *** percent of their commercial shipments were sold from U.S. inventory, with lead times averaging *** days.[144] The remainder of their commercial shipments were produced to order, with lead times averaging *** days, or came from foreign inventories, with lead times averaging *** days.[145]

During the POI, Cornerstone and U.S. importers sold exclusively or almost exclusively to ***.[146] Cornerstone reported selling ***.[147] U.S. importers reported selling the vast majority

[140] CR/PR at II-11. Most importers reported that differences other than price are only sometimes or never significant when comparing U.S. product with melamine from Germany, the Netherlands, and Trinidad & Tobago. *Id*. Most importers reported that differences other than price were always significant when comparing U.S. product with melamine from India. *Id*. Importers' responses were evenly split between always/frequently or sometimes/never significant differences other than price when comparing U.S.-produced melamine with melamine from Japan and Qatar. *Id*.

[141] CR/PR at II-11.

[142] CR/PR at II-11.

[143] CR/PR at II-13.

[144] CR/PR at II-13-14.

[145] CR/PR at II-14.

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

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

of subject merchandise through short-term contracts and also reported selling appreciable quantities via spot sales.[148]

The primary raw materials used to produce melamine are ammonia and carbon dioxide, which must be reacted under heat and pressure.[149] Cornerstone's cost of raw materials increased *** percent over the POI; it increased from $*** per pound in 2021 to $*** per pound in 2022, but then declined to $*** per pound in 2023.[150] Raw materials accounted for *** percent of the cost of goods sold ("COGS") for domestically produced melamine in 2021, *** percent in 2022, and *** percent in 2023.[151]

C. Reasonable Indication of Material Injury by Reason of Subject Imports from Germany, India, the Netherlands, and Qatar

1. Volume of Cumulated Subject Imports from Germany, India, the Netherlands, Qatar, and Trinidad and Tobago

The volume of cumulated subject imports decreased overall by 3.5 percent between 2021 and 2023, increasing from 51.0 million pounds in 2021 to 83.1 million pounds in 2022, and then decreasing to 49.2 million pounds in 2023.[152] The market share of cumulated subject imports increased overall by *** percentage points between 2021 and 2023, increasing from *** percent in 2021 to *** percent in 2022 and *** percent in 2023.[153] Accordingly, based on

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

[149] CR/PR at I-7 & V-1.

[150] *Derived from* CR/PR at Tables VI-1 & C-1.

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

[152] CR/PR at Table IV-2. As discussed above, we have cumulated subject imports from Trinidad & Tobago with subject imports from Germany, India, the Netherlands, and Qatar for the purposes of determining reasonable indication of material injury by reason of subject imports from Germany, India, the Netherlands, and Qatar. As used in Section VII.B, "cumulated subject imports" refers collectively to imports from these sources.

[153] CR/PR at Tables IV-10 & C-1. As noted above, market shares are calculated based on U.S. importers' reported U.S. shipments for cumulated subject imports. U.S. importers' U.S. shipments of (Continued…)

the record in the preliminary phase of these investigations, we find that the volume of cumulated subject imports is significant in absolute terms and relative to consumption in the United States and that the increase in the volume of subject imports is significant relative to apparent U.S. consumption.[154] [155]

2. Price Effects of the Cumulated Subject Imports

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.[156]

As discussed in section VII.A.3 above, we find that there is at least a moderate-to-high degree of substitutability between cumulated subject imports and the domestic like product, and that price is an important factor in purchasing decisions for melamine.

The Commission collected quarterly quantity and f.o.b. pricing data on sales of three pricing products shipped to unrelated U.S. customers during the POI.[157] Cornerstone and nine

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(…Continued)
cumulated subject imports increased overall by *** percent between 2021 and 2023, increasing from *** pounds in 2021 to *** pounds in 2022, and then decreasing to *** pounds in 2023. CR/PR at Tables IV-10 & C-1.

[154] The ratio of cumulated subject imports to U.S. production increased overall by *** percentage points from 2021 to 2023, increasing from *** percent in 2021 to *** percent in 2022, and then decreasing to *** percent in 2023. CR/PR at Table IV-2.

[155] Commissioner Schmidtlein notes that subject imports did not increase in volume over the POI so she does not find any increase in subject import volume to be significant.

[156] 19 U.S.C. § 1677(7)(C)(ii).

[157] CR/PR at V-7. The three pricing products were as follows:

Product 1.-- Unground melamine crystal unpackaged in bulk;
(Continued…)

importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[158] Pricing data reported by these firms accounted for 100.0 percent of U.S. producers' U.S. shipments of melamine, 69.5 percent of importers' U.S. shipments of subject merchandise from Germany, 90.7 percent of importers' U.S. shipments of subject merchandise from India, 91.2 percent of importers' U.S. shipments of subject merchandise from the Netherlands, 56.1 percent of importers' U.S. shipments of subject merchandise from Qatar, and 100 percent of importers' U.S. shipments of subject merchandise from Trinidad & Tobago in 2023.[159]

The pricing data show predominant underselling by cumulated subject imports. Prices for cumulated subject imports were below those for the domestically produced melamine in 48 of 80 (or 60.0 percent of) quarterly comparisons, while prices for cumulated subject imports were above those for domestically produced melamine in 32 of 80 (or 40.0 percent of) quarterly comparisons.[160] There were *** pounds of cumulated subject imports in quarterly comparisons in which cumulated subject imports undersold the domestic like product (*** percent of the total volume) and only *** pounds of cumulated subject imports in quarterly comparisons in which cumulated subject imports oversold the domestic like product (*** percent of the total volume).[161] The margins of underselling ranged from *** to *** percent, and averaged ***

(…Continued)

Product 2.-- Unground melamine crystal in bags of 1,000 to 3,000 pounds; and
Product 3.-- Unground melamine crystal in bags of 50 to 60 pounds. *Id.*

[158] CR/PR at V-7.
[159] CR/PR at V-7.
[160] CR/PR at Table V-12.
[161] CR/PR at Table V-12.

percent, while the margins of overselling ranged from *** to *** percent, and averaged *** percent.[162]

We have also considered purchaser lost sales/lost revenue responses. Four of five purchasers that responded to the Commission's lost sales/lost revenue survey reported that, since 2021, they had purchased subject imports instead of the domestic like product.[163] Four of these purchasers reported that subject import prices were lower than the domestic like product.[164] No purchasers reported that price was the primary reason for purchasing subject imports.[165]

Based on the at least moderate-to-high degree of substitutability between the domestic like product and cumulated subject imports, evidence that price is an important factor in purchasing decisions for melamine, and the predominant underselling by cumulated subject imports during the POI, we find that the underselling by the cumulated subject imports was significant. Concurrently with the underselling, cumulated subject imports gained market share at the expense of the domestic industry during the POI, including *** percentage points of market share overall between 2021 and 2023, the bulk of which occurred in 2022.[166] [167]

[162] CR/PR at Table V-12.

[163] CR/PR at Table V-14.

[164] CR/PR at Table V-14.

[165] CR/PR at Table V-14.

[166] *See* CR/PR at Table C-1 (showing increases of *** percentage points from 2021 to 2022 and *** percentage points from 2022 to 2023). The domestic industry's market share declined overall by *** percentage points from *** percent in 2021 to *** percent in 2022 and *** percent in 2023. *Id*. In contrast, the market share of cumulated subject imports increased overall by *** percentage points between 2021 and 2023, increasing from *** percent in 2021 to *** percent in 2022 and *** percent in 2023. *Id*. The market share of nonsubject imports (including Japan) declined by *** percentage points overall between 2021 and 2023, declining from *** percent in 2021 to *** percent in 2022, and then increasing to *** percent in 2023. *Id*.

We have also examined available data on price trends. During the POI, domestic prices fluctuated but increased overall for two of three pricing products that account for Cornerstone's highest-volume products (Products 1 and 2).[168] Domestic price increases for these products were *** and *** percent respectively from January 2021 to December 2023.[169] Domestic prices for pricing product 3 declined by *** percent during the same period.[170] Although domestic prices generally increased from 2021 to 2022 for all three pricing products, domestic prices for all three pricing products declined considerably from 2022 to 2023 following the domestic industry's loss of market share in 2022.[171] Specifically, domestic prices for Product 1 decreased by *** percent from *** in the fourth quarter of 2022 to *** in the fourth quarter of 2023, domestic prices for Product 2 decreased by *** percent from *** in the fourth quarter of 2022 to *** in the fourth quarter of 2023, and domestic prices for Product 3 decreased by *** percent from *** in the fourth quarter of 2022 to *** in the fourth quarter of 2023.[172] Prices of cumulated subject imports followed similar trends during the POI.[173] [174] In

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(…Continued)

[167] Commissioner Schmidtlein finds that this significant underselling led to a significant shift in market share. As discussed above, the Commission will investigate the effects of the asserted supply constraints in any final phase.

[168] CR/PR at Tables V-5-8.

[169] CR/PR at Table V-8.

[170] CR/PR at Table V-8.

[171] CR/PR at Tables V-5-8 & Figures V-3-6. The domestic price declines in 2023 appeared to outpace declines in apparent U.S. consumption and in raw material costs in 2023 based on the preliminary phase record. *See* CR/PR at Tables VI-2 and C-1. Further, the domestic industry's net sales average unit values (AUVs) declined *** percent from 2022 to 2023. *Id.* at Table C-1.

[172] *Derived from* CR/PR at V-5-7. Further, the domestic industry's net sales average unit values (AUVs) declined *** percent from 2022 to 2023. CR/PR at Table C-1.

[173] *See, e.g.*, CR/PR at Figure V-7 & Table V-8. Although prices for cumulated subject imports generally increased from 2021 to 2022 for all three pricing products, they generally declined from 2022 to 2023. CR/PR at Figure V-7. During January 2021-December 2023, prices for subject imports from Germany declined by *** percent for Product 2 while prices for subject imports from Trinidad and (Continued…)

light of the domestic price declines during 2022-2023 for all three pricing products and the significant volume and significant underselling by cumulated subject imports, we cannot conclude that cumulated subject imports did not have significant price-depressing effects.[175] [176]

We have also considered whether cumulated subject imports have prevented price increases for domestically produced melamine which otherwise would have occurred to a significant degree. The domestic industry's COGS increased during the POI, yet at a pace that exceeded the increase in net sales AUV. As a result, the domestic industry's ratio of COGS to net sales fluctuated but increased overall by *** percentage points from 2021 to 2023, declining from *** percent in 2021 to *** percent in 2022, but then increasing to *** percent in 2023.[177] While the industry's unit COGS increased by *** per pound from *** per pound in 2021 to *** per pound in 2022 before decreasing by *** per pound to *** per pound in 2023, for an overall period increase of ***, its net sales AUV increased by *** per pound from *** per pound in 2021 to *** per pound in 2022 before decreasing by *** per period to *** in 2023,

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(…Continued)
Tobago declined by *** percent for Product 2. CR/PR at Table V-8. During January 2021-December 2023, prices for subject imports from India increased by *** percent for Product 2. During January 2021-December 2023, prices for subject imports from the Netherlands increased by *** percent for Product 2 and *** percent for Product 3. *Id*.

[174] The cumulated subject import shipments' AUVs declined *** percent from 2022 to 2023. CR/PR at Tables C-1 & IV-2-3.

[175] *See American Lamb Co.*, 785 F.2d at 1001. We acknowledge that declining U.S. apparent consumption could have contributed to declining U.S. prices from 2022 to 2023. In any final phase investigations, we will examine the extent to which declining U.S. apparent consumption impacted domestic prices. *See* section VII.A.1 above.

[176] Commissioner Karpel also finds that the domestic industry's net sales AUV and cost data, discussed *infra*, are probative of alleged price depression for purposes of the preliminary phase of these investigations, as decreases in the domestic industry's net sales AUV between 2022 and 2023 outpaced decreases in the domestic industry's unit costs

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

for an overall period decrease of *** per pound.[178] Thus, between 2022 and 2023, as decreases in the industry's net sales AUV far outpaced decreases in its unit COGS, the domestic industry experienced a cost-price squeeze in 2023. We note that apparent U.S. consumption declined by *** percent from 2022 to 2023.[179] We also note that the domestic industry's raw material costs declined *** percent from 2022 to 2023.[180] However, these decreases, while substantial, were outpaced by decreases in the industry's net sales AUVs. In any final phase of these investigations, we intend to investigate further the role of demand and raw material costs in domestic prices.

Based on the available evidence detailed above, including the significant underselling by cumulated subject imports, the market share gains by cumulated subject imports at the expense of the domestic industry during the POI,[181] the domestic price declines during 2022-2023 for all of the pricing products, and the domestic industry's cost-price squeeze in 2023, we find for purposes of the preliminary phase of these investigations that cumulated subject imports had significant adverse price effects.[182]

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[178] *Derived from* CR/PR at Table C-1. Cornerstone's unit COGS increased *** percent over the POI: it increased from $*** per pound in 2021 to $*** per pound in 2023. CR/PR at Table C-1. Cornerstone's net sales' AUVs declined *** percent over the POI: it declined from $*** per pound in 2021 to $*** per pound in 2023. *Id*.

[179] CR/PR at Tables IV-10 & C-1.

[180] Cornerstone's cost of raw materials increased *** percent over the POI; it increased from $*** per pound in 2021 to $*** per pound in 2022, but then declined to $*** per pound in 2023. CR/PR at Tables VI-1 & C-1.

[181] We acknowledge that supply constraints in the U.S. market during the POI may have contributed to the market share shift. *See* section VII.A.2 above. In any final phase investigations, we will examine the extent to which supply constraints in the U.S. market contributed to the market share shift, if any.

[182] As noted above, Commissioner Schmidtlein finds that significant underselling led to a significant shift in market share. Further, she does not join with the majority in finding the cost-price squeeze by itself to be legally relevant to a finding of adverse price effects.

3. Impact of the Cumulated Subject Imports[183]

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, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, research and development ("R&D"), 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."[184]

Most of the domestic industry's output indicia declined from 2021 to 2023. While the domestic industry's capacity increased by *** percent between 2021 and 2023,[185] its production declined by *** percent from 2021 to 2023.[186] As a result, the domestic industry's capacity utilization decreased by *** percentage points between 2021 and 2023; it continuously declined from *** percent in 2020 to *** percent in 2021 and *** percent in

[183] Commerce initiated these investigations based on estimated dumping margins of 139.74 to 218.73 percent for imports from Germany; 393.82 to 632.74 percent for imports from India; 34.84 to 72.16 percent for imports from the Netherlands; 143.75 to 504.23 percent for imports from Qatar; and 49.78 to 146.85 percent for imports from Trinidad & Tobago. *Melamine From Germany, India, Japan, the Netherlands, Qatar, and Trinidad & Tobago: Initiation of Less-Than-Fair-Value Investigations*, 89 Fed. Reg. 17413, 17416 (Mar. 11, 2024); CR/PR at I-5.

[184] 19 U.S.C. § 1677(7)(C)(iii). This provision was amended by the Trade Preferences Extension Act ("TPEA") of 2015, Pub. L. 114-27.

[185] CR/PR at Table C-1. The domestic industry's capacity increased from *** pounds in 2021 to *** pounds in 2022 and *** pounds in 2023. *Id*.

[186] CR/PR at Table C-1. The domestic industry's production decreased from *** pounds in 2021 to *** pounds in 2022 and *** pounds in 2023. *Id*.

2022.[187] In this regard, Cornerstone maintains that it produces melamine using a 24-hour, seven-day-a-week, continuous production process with minimum stoppages and must operate at a high rate of capacity utilization in order to remain profitable.[188]

The domestic industry's U.S. shipments declined by *** percent from 2021 to 2023.[189] The domestic industry's market share declined overall by *** percentage points between 2021 and 2023.[190] End-of-period inventories increased by *** percent between 2021 and 2023.[191]

We acknowledge that the domestic industry's employment indicia generally increased during the POI. The domestic industry's number of production and related workers ("PRWs"), hours worked, wages paid, and hourly wages, all increased overall from 2021 to 2023 by *** percent, *** percent, *** percent, and *** percent, respectively.[192] Productivity declined by *** percent from 2021 to 2023.[193]

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

[188] *See, e.g.*, Conf. Tr. at 21 (Frank). As discussed above, we intend to examine further the issue of domestic industry supply constraints in any final phase of these investigations. *See* section VII.A.2 above.

[189] CR/PR at Table C-1. The domestic industry's U.S. shipments declined from *** pounds in 2021 to *** pounds in 2022 and *** pounds in 2023. CR/PR at Tables III-8 & C-1.

[190] CR/PR at Table C-1. The domestic industry's market share declined from *** percent in 2021 to *** percent in 2022 and *** percent in 2023. CR/PR at Tables IV-10 & C-1.

[191] CR/PR at Table C-1. The domestic industry's end-of-period inventories increased from *** pounds in 2021 to *** pounds in 2022 and *** pounds in 2023. CR/PR at Table III-9 & C-1. As a ratio to total shipments, the domestic industry's end-of-period inventories increased by *** percentage points from 2021 to 2023, increasing from *** percent in 2021 to *** percent in 2022 and *** percent in 2023. *Id*.

[192] CR/PR at Table C-1. The domestic industry's number of PRWs were *** in 2021, *** in 2022, and *** in 2023. *Id*. The number of hours worked were *** hours in 2021, *** hours in 2022, and *** hours in 2023. *Id*. Total wages paid were $*** in 2021, $*** in 2022, and $*** in 2023. *Id*. Hourly wages were $*** in 2021, $*** in 2022, and $*** in 2023. *Id*.

[193] CR/PR at Table C-1. The domestic industry's productivity was *** pounds per hour in 2021, *** pounds per hour in 2022, and *** pounds per hour in 2023. *Id*.

Most of the domestic industry's financial performance indicia declined over the course of the POI. From 2021 to 2023, the domestic industry's net sales (by value) declined by *** percent.[194] The domestic industry's gross profit declined irregularly from 2021 to 2023, and the domestic industry incurred gross losses of *** in 2023.[195] Similarly, the domestic industry's operating and net income declined irregularly from 2021 to 2023, and the domestic industry incurred operating and net losses of *** in 2023.[196] As a result, the domestic industry's operating and net income margins were both negative in 2023 and they both declined irregularly from 2021 to 2023, by *** and *** percentage points, respectively.[197]

The domestic industry's capital expenditures declined overall by *** percent from 2021 to 2023.[198] Its R&D expenses declined by *** percent during the POI.[199] The industry's net assets declined by *** percent from 2021 to 2023.[200] Cornerstone, the sole domestic producer of melamine, also reported negative effects on investment and on growth and development due to subject imports.[201]

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[194] CR/PR at Table C-1. The domestic industry's net sales (by value) were $*** in 2021, $*** in 2022, and $*** in 2023. *Id*.

[195] CR/PR at Table C-1. The domestic industry's gross profits were $*** in 2021, $*** in 2022, and its gross losses were *** in 2023. *Id*.

[196] CR/PR at Table C-1. The domestic industry's operating income was $*** in 2021, $*** in 2022, and its operating losses were *** in 2023. *Id*. Its net income was $*** in 2021 to $*** in 2022, and its net losses were *** in 2023. *Id*.

[197] CR/PR at Table C-1. The domestic industry's operating income margin was *** percent in 2021, *** percent in 2022, and *** percent in 2023. *Id*. Its net income margin was *** percent in 2021, *** percent in 2022, and *** percent in 2023. *Id*.

[198] CR/PR at Table C-1. The domestic industry's capital expenditures were $*** in 2021, $*** in 2022, and $*** in 2023. *Id*.

[199] CR/PR at Table C-1. The domestic industry's R&D expenses were $*** in 2021, $*** in 2022, and $*** in 2023. *Id*.

[200] CR/PR at Table C-1. The domestic industry's total assets were $*** in 2021, $*** in 2022, and $*** in 2023. *Id*.

[201] CR/PR at Tables VI-7 & VI-8.

Based on the record in the preliminary phase of these investigations, we find that the significant volume of cumulated subject imports undersold the domestic like product to a significant degree and concurrently gained *** percentage points of market share at the expense of the domestic industry during the POI, the bulk of which gain occurred in 2022 following which domestic prices declined sharply in 2023.[202] As the domestic industry lost market share, its production and shipments decreased more than apparent U.S. consumption over the POI[203] and its financial performance declined overall by most measures from 2021 to 2023, including double-digit declines in operating and net income margins as well as gross, operating, and net losses by the end of the POI.[204] In light of these considerations, for these preliminary phase investigations we find that cumulated subject imports had a significant adverse impact on the domestic industry.[205]

We also have considered whether there are other factors that may have had an impact on the domestic industry, to ensure that we are not attributing injury from such other factors to cumulated subject merchandise.[206] While apparent U.S. consumption declined overall from 2021 to 2023, the domestic industry's declines in production and shipments substantially

[202] CR/PR at Tables C-1, V-5-V-7, and Fig. V-6.

[203] CR/PR at Table C-1. Apparent U.S. consumption of melamine declined by *** percent overall between 2021 and 2023. *Id*. By comparison, Cornerstone's U.S. production and shipments declined by *** percent and *** percent, respectively, between 2021 and 2023. *Id*.

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

[205] As noted above, Commissioner Schmidtlein finds that significant underselling led to a significant market share shift. Further, she finds that this shift is the basis for the finding that cumulated subject imports had a significant adverse impact on the domestic industry.

[206] We acknowledge that the decline in U.S. apparent consumption and domestic supply constraints, including two force majeure events during the POI, may have negatively impacted the domestic industry. *See* sections VII.A.1 and 2 above. In any final phase investigations we will further examine the extent to which these factors may have adversely impacted the domestic industry.

exceeded the declines in apparent U.S. consumption over the same period.[207] Moreover, as noted above, cumulated subject imports gained *** percentage points of market share at the expense of the domestic industry during the POI. Thus, based on the record in these preliminary phase investigations, we cannot conclude that demand trends explain all the declines in the domestic industry's condition. We will examine this issue further in any final phase investigations.

Nonsubject imports were the smallest source of supply to the U.S. market throughout the POI. As discussed above, the market share of nonsubject imports declined from *** percent in 2021 to *** percent in 2021.[208] We therefore find, for purposes of these preliminary determinations, that the substantially smaller and declining volume of nonsubject imports does not explain the domestic industry's declines in market share or poor financial performance during the POI.

For the reasons discussed above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of cumulated subject imports of melamine from Germany, India, the Netherlands, and Qatar that are allegedly sold in the United States at less than fair value and that are allegedly subsidized by the governments of Germany, India, and Qatar.

[207] CR/PR at Table C-1.
[208] CR/PR at Table C-1.

D. Reasonable Indication of Material Injury by Reason of Subject Imports from Trinidad and Tobago

1. Volume of Subject Imports from Trinidad & Tobago

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."[209] The volume of subject imports from Trinidad & Tobago declined by 64.9 percent from 2021 to 2023, increasing from 25.1 million pounds in 2021 to 36.6 million pounds in 2022, and then declining to 8.8 million pounds in 2023.[210] In each year, subject imports from Trinidad & Tobago held a fluctuating but significant share of the U.S. market, increasing overall by *** percentage points from 2021 to 2023, increasing from *** percent in 2021 to *** percent in 2022, and then declining to *** percent in 2023.[211] We find, for purposes of these preliminary determinations, that the volume of subject imports from Trinidad & Tobago is significant, both in absolute terms and relative to consumption in the United States.[212]

2. Price Effects of the Subject Imports from Trinidad & Tobago

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

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[209] 19 U.S.C. § 1677(7)(C)(i).

[210] CR/PR at Table IV-2. The volume of subject imports from Trinidad & Tobago increased *** percent from 2021 to 2022, but declined *** percent from 2022 to 2023. *Id*.

[211] CR/PR at Tables IV-10 & C-1. Thus, Trinidad & Tobago's share of the U.S. market increased *** percentage points from 2021 to 2022, but declined *** percentage points from 2022 to 2023. *Id*. at Table C-1. U.S. importers' U.S. shipments of subject imports from Trinidad & Tobago decreased overall by *** percent between 2021 and 2023, increasing from *** pounds in 2021 to *** pounds in 2022, and then decreasing to *** pounds in 2023. *Id*. at Tables IV-10 & C-1.

[212] The ratio of subject imports from Trinidad & Tobago to domestic production decreased overall by *** percentage points from 2021 to 2023, increasing from *** percent in 2021 to *** percent in 2022, and then decreasing to *** percent in 2023. CR/PR at Table IV-2.

(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.[213]

As discussed in Section VII.A.3 above, we have found that there is at least a moderate-to-high degree of substitutability between domestically produced melamine and melamine imported from Trinidad & Tobago, and that price is an important factor in purchasing decisions.[214]

The Commission collected quarterly quantity and f.o.b. pricing data on sales of three pricing products shipped to unrelated U.S. customers during the POI.[215] Cornerstone and one importer of subject melamine from Trinidad & Tobago provided usable pricing data for sales of the requested products, although not all firms reported shipments of all products for all quarters.[216] Pricing data reported by these firms accounted for approximately 100.0 percent of U.S. producers' U.S. shipments during 2023 and 100.0 percent of U.S. shipments of subject imports from Trinidad & Tobago in 2023.[217]

The pricing data show pervasive underselling by subject imports from Trinidad & Tobago. Prices for subject imports from Trinidad & Tobago were below those for domestically produced melamine in *** of *** (or *** percent of) quarterly comparisons, while prices for subject

[213] 19 U.S.C. § 1677(7)(C)(ii).
[214] *See* Section VII.B.3.
[215] CR/PR at V-7. The three pricing products were as follows:
Product 1 -- Unground melamine crystal unpackaged in bulk;
Product 2 -- Unground melamine crystal in bags of 1,000 to 3,000 pounds; and
Product 3 -- Unground melamine crystal in bags of 50 to 60 pounds. *Id.*
[216] CR/PR at V-7.
[217] CR/PR at V-7.

imports from Trinidad & Tobago were above those for domestically produced melamine in *** of *** (or *** percent of) quarterly comparisons.[218] There were *** pounds of subject imports from Trinidad & Tobago in quarterly comparisons in which they undersold the domestic like product (*** percent of the total volume from Trinidad & Tobago) and only *** pounds of subject imports from Trinidad & Tobago in quarterly comparisons in which they oversold the domestic like product (*** percent of the total volume from Trinidad & Tobago).[219] The margins of underselling ranged from *** to *** percent, and averaged *** percent, while the margin of overselling was *** percent.[220]

Based on the foregoing, including the degree of substitutability between the domestic like product and subject imports from Trinidad & Tobago that is at least moderate to high, that price is an important factor in purchasing decisions for melamine, and near-universal underselling by subject imports from Trinidad & Tobago on both a per-quarter and total volume basis during the POI, we find that there has been significant price underselling by subject imports from Trinidad & Tobago. Concurrently with the underselling, subject imports from Trinidad & Tobago gained *** percentage points of market share at the expense of the

[218] CR/PR at Table V-12.

[219] CR/PR at Table V-12.

[220] CR/PR at Table V-12. We have also considered purchaser lost sales/lost revenue responses. Four of five purchasers that responded to the Commission's lost sales/lost revenue survey reported that, since 2021, they had purchased subject imports from Trinidad & Tobago instead of the domestic like product. CR/PR at Tables V-14 & V-15. Although all four of these purchasers reported that subject import prices from Trinidad & Tobago were lower than the domestic like product, no purchasers reported that price was the primary reason for purchasing subject imports from Trinidad & Tobago. CR/PR at Table V-15.

domestic industry overall and *** percentage points of market share between 2021 and 2022.[221] [222] [223]

We have also examined available data on price trends. During the POI, domestic prices fluctuated but increased overall for two of three pricing products that account for Cornerstone's highest-volume products (Products 1 and 2).[224] Domestic price increases for these products were *** and *** percent, respectively, from January 2021 to December 2023.[225] Domestic prices for pricing product 3 declined by *** percent from 2021 to 2023.[226] Although domestic prices generally increased from 2021 to 2022 for all three pricing products, domestic prices for all three pricing products declined considerably from 2022 to 2023 following the domestic industry's loss of market share in 2022 to which subject imports from Trinidad & Tobago contributed.[227] Specifically, domestic prices for Product 1 decreased by *** percent from *** in the fourth quarter of 2022 to *** in the fourth quarter of 2023, domestic prices for Product 2 decreased by *** percent from *** in the fourth quarter of 2022 to *** in the fourth quarter of 2023, and domestic prices for Product 3 decreased by *** percent from

[221] CR/PR at Table C-1. The market share of subject imports from Trinidad & Tobago increased from *** percent in 2021 to *** percent in 2022, and then declined to *** percent in 2023. *Id*.

[222] We acknowledge that domestic supply constraints, including the two force majeure events during the POI, may have contributed to the market share shift. *See* section VII.A.2 above. In any final phase investigations, we will examine the extent to which supply constraints may have contributed to the market share shift.

[223] Commissioner Schmidtlein finds that significant underselling by subject imports led to a significant market share shift in 2022. As discussed above, the Commission will investigate the effects of asserted supply constraints in any final phase investigations.

[224] CR/PR at Tables V-5-8.

[225] CR/PR at Table V-8.

[226] CR/PR at Table V-8.

[227] CR/PR at Tables V-5-8 & Figures V-3-6.

*** in the fourth quarter of 2022 to *** in the fourth quarter of 2023.[228] Prices of subject imports from Trinidad & Tobago followed similar trends during the POI.[229] In light of the domestic price declines during 2022-2023 for all reported pricing products (including for Product 2, which was the highest-volume pricing product for both the domestic industry and subject imports from Trinidad & Tobago),[230] and the significant volume and significant underselling by subject imports from Trinidad & Tobago, we cannot conclude that subject imports from Trinidad & Tobago did not have significant price-depressing effects.[231] [232]

We have also considered whether subject imports from Trinidad & Tobago have prevented price increases for domestically produced melamine which otherwise would have occurred to a significant degree. The domestic industry's COGS increased during the POI, yet at a pace that exceeded the increase in net sales AUV. As a result, the domestic industry's ratio of COGS to net sales fluctuated but increased overall by *** percentage points from 2021 to 2023, declining from *** percent in 2021 to *** percent in 2022, but then increasing to *** percent

[228] *Derived from* CR/PR at Tables V-5-7.

[229] *See, e.g.*, CR/PR at Figure V-7 & Tables V-6-8. Although prices for subject imports from Trinidad & Tobago generally increased from 2021 to 2022 for Products 2 and 3, they generally declined from 2022 to 2023. CR/PR at Tables V-6-7. There was no reported pricing data for Product 1 for subject imports from Trinidad & Tobago. CR/PR at Table V-5. Prices of subject imports from Trinidad & Tobago declined overall by *** percent for Product 2, which was the domestic industry's highest-volume product during the POI. *See, e.g.*, CR/PR at Figure V-7 & Table V-8. Prices of subject imports from Trinidad & Tobago increased by *** percent overall for Product 3, which was the domestic industry's lowest-volume product during the POI. CR/PR at Table V-8 & *derived from* CR/PR at Table V-7.

[230] CR/PR at Tables V-6, V-8 & V-11.

[231] *See American Lamb Co.*, 785 F.2d at 1001.

[232] Commissioner Karpel also finds that the domestic industry's net sales AUV and cost data, discussed *infra*, are probative of alleged price depression for purposes of the preliminary phase of these investigations, as decreases in the domestic industry's net sales AUV between 2022 and 2023 outpaced decreases in the domestic industry's unit costs.

in 2023.[233] While the industry's unit COGS increased by *** per pound from *** per pound in 2021 to *** per pound in 2022 before decreasing by *** per pound to *** per pound in 2023, for an overall period increase of ***, its net sales AUV increased by *** per pound from *** per pound in 2021 to *** per pound in 2022 before decreasing by *** per period to *** in 2023, for an overall period decrease of *** per pound.[234] Thus, between 2022 and 2023, as decreases in the industry's net sales AUV far outpaced decreases in its unit COGS, the domestic industry experienced a cost-price squeeze in 2023. We note that apparent U.S. consumption declined by *** percent from 2022 to 2023.[235] We also note that the domestic industry's raw material costs declined from 2022 to 2023.[236] However, these decreases, while substantial, were outpaced by decreases in domestic prices. In any final phase of these investigations, we intend to investigate further and the role of demand and raw material costs in domestic prices.

In light of the available evidence detailed above, including the significant underselling by subject imports from Trinidad & Tobago, the market share gains by subject imports from Trinidad & Tobago at the expense of the domestic industry during 2021-2022, the domestic price declines during 2022-2023 including for Product 2 (which was the highest-volume product for the domestic industry),[237] and the domestic industry's cost-price squeeze in 2023,[238] we find

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

[234] *Derived from* CR/PR at Table C-1. Cornerstone's unit COGS increased from $*** per pound in 2021 to $*** per pound in 2023. CR/PR at Table C-1. Cornerstone's net sales' unit values declined from $*** per pound in 2021 to $*** per pound in 2023. *Id*.

[235] CR/PR at Tables IV-10 & C-1.

[236] Cornerstone's cost of raw materials increased from $*** per pound in 2021 to $*** per pound in 2022, but then declined to $*** per pound in 2023. CR/PR at Tables VI-1 & C-1.

[237] CR/PR at Tables V-6, V-8 & V-11.

[238] In any final phase investigations, we will examine the extent to which the decline in U.S. apparent consumption during the POI contributed to the cost-price squeeze. *See* section VII.A.1 above.

for purposes of the preliminary phase of these investigations that subject imports from Trinidad & Tobago had significant adverse price effects.[239] [240]

3. Impact of the Subject Imports from Trinidad & Tobago[241]

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, gross profits, net profits, operating profits, cash flow, return on investment, return on capital, ability to raise capital, ability to service debt, R&D, 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 competition that are distinctive to the affected industry."[242]

As previously discussed in Section VII.B.3. above, most of the domestic industry's output indicators, including production, shipments, and capacity utilization, declined over the POI as

[239] Commissioner Karpel cannot determine, for purposes of the preliminary phase of these investigations, that subject imports from Trinidad & Tobago did not have significant adverse price effects. Commissioner Karpel observes that although subject imports from Trinidad & Tobago gained *** percentage points of market share between 2021 and 2022 at the direct expense of the domestic industry, subject imports from Trinidad and Tobago subsequently lost *** percentage points of market share between 2022 and 2023, for an overall increase in market share of *** percentage points. CR/PR at Table C-1. Commissioner Karpel also recalls reported domestic industry supply constraints in 2021 and 2022 and the Commission's intention to further investigate these supply constraints in any final phase of these investigations.

[240] As noted above, Commissioner Schmidtlein finds that significant underselling led to a significant market share shift in 2022. Further, she does not include the domestic industry's cost-price squeeze in her finding of significant adverse price effects.

[241] Commerce initiated its investigation based on estimated dumping margins of 49.78 to 146.85 percent for imports from Trinidad & Tobago. *Initiation Notice*, 89 Fed. Reg. 17413 at 17416; CR/PR at I-5.

[242] 19 U.S.C. § 1677(7)(C)(iii).

the industry lost market share.[243] While the domestic industry's employment-related performance indicia generally improved during the POI, its financial performance declined with respect to virtually all measures, including double-digit declines in operating and net income margins and gross, operating, and net losses in 2023.[244]

Subject imports from Trinidad & Tobago were the largest supply source of any subject country and maintained a significant presence in the U.S. market throughout the POI.[245] As discussed above, the market share of subject imports from Trinidad & Tobago fluctuated but increased overall *** percentage points from 2021 to 2023, increasing from *** percent in 2021 to *** percent in 2022, and then declining to *** percent in 2023.[246] During the POI, subject imports from Trinidad & Tobago undersold the domestic like product in *** quarterly price comparisons, and their underselling accounted for *** percent of the total underselling for all subject countries on a volume basis for Product 2, the domestic industry's highest-volume product.[247]

Based on the record in the preliminary phase of these investigations, we find that the significant volume of subject imports from Trinidad & Tobago undersold the domestic like product to a significant degree, contributing to the domestic industry's market share loss in 2022 which was followed by sharp domestic price declines in 2023.[248] [249] As a result, the

[243] CR/PR at Table C-1.
[244] CR/PR at Table C-1.
[245] CR/PR at Table C-1.
[246] CR/PR at Table C-1.
[247] *Derived from* CR/PR at Table V-11.
[248] CR/PR at Tables C-1, V-5-7 & Fig. V-6.
[249] As noted above, Commissioner Schmidtlein finds that significant underselling led to a significant shift in market share in 2022.

domestic industry had lower market share in 2022 and lower prices in 2023, resulting in lower revenues and weaker financial performance than it otherwise would have during the POI. Although the volume of subject imports from Trinidad & Tobago declined from 2022 to 2023, they retained a market share higher than in 2021, and underselling continued, including with the highest margin of underselling for Product 2 for the entire POI in the ***.[250] Consequently, for purposes of these preliminary phase determinations, we find that subject imports from Trinidad & Tobago had a significant impact on the domestic industry.[251]

We have also considered whether there are other factors that may have had an impact on the domestic industry to ensure that we are not attributing injury from such other factors to subject imports from Trinidad & Tobago. Imports from sources other than Trinidad & Tobago (including imports of melamine from other countries subject to these investigations and from nonsubject countries) as a share of apparent U.S. consumption, by quantity, increased from *** percent in 2021 to *** percent in 2022 and *** percent in 2023, for an overall increase of *** percentage points.[252] While we recognize that imports from sources other than Trinidad & Tobago gained market share over the course of the POI, this does not negate the independent impact of the gain in sales or market share by low-priced subject imports from Trinidad &

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

[251] Based on the record in the preliminary phase of these investigations, Commissioner Karpel finds that the significant volume of subject imports from Trinidad & Tobago undersold the domestic like product to a significant degree. As discussed in section VII.C.2, the Commission cannot conclude that as a result of that underselling that subject imports from Trinidad and Tobago did not have significant price depressing effects. As a result, Commissioner Karpel cannot find, for purposes of the preliminary phase of these investigations, that subject imports from Trinidad and Tobago did not have a significant impact on the domestic industry by significantly depressing domestic producer prices that in turn resulted in lower revenues and weaker financial performance for the domestic industry than there otherwise would have been.

[252] *Derived from* CR/PR at Tables IV-10 & C-1.

Tobago at the expense of the domestic industry during 2021-2022 when subject imports from Trinidad & Tobago gained *** percentage points of market share from the domestic industry, and the steep decline in domestic prices that followed in 2023.[253] Based on the pricing data, subject imports from Trinidad & Tobago undersold domestically produced products in *** comparisons and in comparatively large quantities.[254]

We have also considered demand trends. While apparent U.S. consumption declined overall from 2021 to 2023, the domestic industry's declines in production and shipments substantially exceeded the declines in apparent U.S. consumption over the same period.[255] Thus, based on the record in these preliminary phase investigations, we cannot conclude that demand trends explain all the declines in the domestic industry's condition. As discussed above, we will examine this issue further in any final phase investigations.

In sum, based on the record of the preliminary phase of these investigations, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of subject imports from Trinidad & Tobago.

VIII. Reasonable Indication of Threat of Material Injury by Reason of Subject Imports from Japan

We have determined that subject imports from Japan have the potential to imminently exceed 3 percent of all subject merchandise imported into the United States. Therefore, we

[253] *See* CR/PR at Tables IV-10, V-10-12 & C-1.

[254] CR/PR at Tables V-10-12. Subject imports from Trinidad & Tobago accounted for nearly half *** percent of the volume of subject imports that undersold the domestic like product during the POI. *See* CR/PR at Table V-10. Further, during 2023 when prices for the domestic like product declined, subject imports from Trinidad & Tobago accounted for over half (*** percent) of cumulated subject imports that undersold the domestic like product that year. *See* CR/PR at Table V-12.

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

need to determine whether there is a reasonable indication that the domestic industry is threatened with material injury by reason of subject imports from Japan that are allegedly sold at less than fair value.

A. Legal Standard

Section 771(7)(F) of the Tariff Act directs the Commission to determine whether there is a reasonable indication that the U.S. industry is threatened with material injury by reason of subject imports by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[256] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of subject imports would occur unless an order is issued.[257] In making our determinations, we consider all statutory threat factors that are relevant to these investigations.[258]

[256] 19 U.S.C. § 1677(7)(F)(ii).

[257] 19 U.S.C. § 1677(7)(F)(ii).

[258] These factors are as follows:

(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,

(Continued…)

B. Cumulation for Threat of Material Injury

We must consider whether to cumulate allegedly LTFV subject imports from Japan with those from other sources eligible for cumulation. In contrast to cumulation for material injury, cumulation for a threat analysis is discretionary. Under Section 771(7)(H) of the Tariff Act, the Commission may "to the extent practicable" cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day if the requirements for cumulation in the material injury context are satisfied.[259]

Cornerstone contends that the Commission should cumulate subject imports from all six subject countries including Japan for purposes of a threat analysis because there is likely to be a reasonable overlap of competition between and among subject imports from each source and the domestic like product.[260] Respondents did not address cumulation for threat.

(…Continued)

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

(V) inventories of the subject merchandise,

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

…

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

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

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

[259] 19 U.S.C. § 1677(7)(H).

[260] Petitioner's Post Conf. Br. at 39-40.

As discussed above in Section VI.B., the petitions for these investigations were filed on the same day, and there is a reasonable overlap of competition between subject imports from India, Germany, Qatar, the Netherlands, and Trinidad & Tobago and between imports from each of these subject countries and the domestic like product. There is no information on the record to suggest that the reasonable overlap of competition between and among imports from these subject sources and the domestic like product will not continue into the imminent future.

We also find that there will likely be a reasonable overlap of competition between and among subject imports from Japan, subject imports from other sources, and the domestic like product. The record indicates that subject imports from Japan are generally fungible with subject imports from other sources and the domestic like product.[261] Subject imports from Japan also overlapped with subject imports from other sources and the domestic like product in terms of channels of distribution and geographic markets, and were simultaneously present in the U.S. market with them.[262] Based on this information, we find that a reasonable overlap of competition between and among subject imports from Japan, subject imports from other sources, and the domestic like product is likely to continue into the imminent future.

Moreover, no party has argued in these preliminary investigations that we should use our discretion not to cumulate subject imports from Japan or advanced any reason to do so. Based on the information available in the current record, and absent any argument to the contrary, we do not find differences in likely conditions of competition sufficient to warrant considering subject imports from Japan separately for purposes of our threat analysis. We

[261] CR/PR at Tables II-11 & IV-7.
[262] CR/PR at Tables II-1, IV-8 & IV-9.

therefore exercise our discretion to cumulate subject imports from Germany, India, Japan, Qatar, the Netherlands, and Trinidad & Tobago for our analysis of whether there is a reasonable indication of a threat of material injury to the domestic industry by reason of subject imports from Japan.

C. Analysis of Threat of Material Injury

1. Likely Volume

As discussed in section VII.B.1. above, we have found that the volume of subject imports from Germany, India, Qatar, the Netherlands, and Trinidad & Tobago on a cumulated basis, was significant in absolute terms and relative to U.S. consumption. Including subject imports from Japan, the volume of cumulated subject imports decreased by 2.3 percent overall between 2021 and 2023, increasing from 51.9 million pounds in 2021 to 84.1 million pounds in 2022, and then decreasing to 50.7 million pounds in 2023.[263] Including subject imports from Japan, the market share of cumulated subject imports increased by *** percentage points overall from 2021 to 2023, from *** percent in 2021 to *** percent in 2022 and *** percent in 2023.[264] We find that cumulated subject imports, including those from Japan, are likely to maintain a significant presence in the U.S. market, and that the significant increase in cumulated subject import shipments observed during the POI is likely to continue in the imminent future absent relief.

The record of the preliminary phase of the investigations indicates that producers in the six subject countries have the ability and the incentive to increase their exports to the United

[263] CR/PR at Table IV-2.
[264] CR/PR at Tables IV-10 & C-1.

States in the imminent future. These producers possessed substantial capacity, production, and excess capacity during the POI.[265] [266] Although their reported production capacity and production declined from 2021 to 2023, both are projected to increase in the imminent future and exceed their peak levels during the POI by 2025.[267] While their capacity utilization increased from 2021 to 2023,[268] their cumulated excess capacity nonetheless amounted to *** pounds in 2023, equivalent to *** percent of total apparent U.S. consumption that year.[269]

Producers in the six subject countries also possessed large and increasing end-of-period inventories with which they could increase their exports to the U.S. market. End-of-period inventories held by these producers increased irregularly from *** pounds in 2021 to *** pounds in 2023,[270] equivalent to *** percent of apparent U.S. consumption that year.[271]

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[265] The Commission issued foreign producers' or exporters' questionnaires to 15 firms believed to produce and/or export melamine from Germany, India, Japan, the Netherlands, Qatar, and Trinidad & Tobago. CR/PR at VII-3. Usable responses to the Commission's questionnaire were received from five firms in total: one firm in each subject country except for Japan. *Id*. Global Trade Atlas Data indicate that producers of melamine in Japan are significant exporters of melamine on the world market. CR/PR at Table VII-10.

[266] Since no questionnaire responses were received from the Japanese producers of the subject merchandise, the record does not contain data on Japanese capacity, production, or excess capacity. *See* CR/PR at VII-3, VII-8 to VII-9. Nor does the Commission have data on the Japanese producers' inventory levels, the ratio of inventory to production, or the ratio of inventory to total shipments. However, the missing data is particularly significant since it is relevant to the Commission's threat analysis.

[267] The reported production capacity for producers in the six cumulated countries subject to these investigations declined from *** pounds in 2021 to *** pounds in 2023. CR/PR at Table VII-5. Their production capacity is projected to be *** pounds in 2024 and *** pounds in 2025. *Id*. These producers' reported production declined from *** pounds in 2021 to *** pounds in 2023. *Id*. Their production is projected to be *** pounds in 2024 and *** pounds in 2025. *Id*.

[268] Reported capacity utilization for producers in the six countries subject to these investigations increased from *** percent in 2021 to *** percent in 2023. CR/PR at Table VII-5. Their capacity utilization is projected to be *** percent in 2024 and *** percent in 2025. *Id*.

[269] *Derived from* CR/PR at Tables VII-5 & C-1.

[270] CR/PR at Table VII-5.

[271] *Derived from* CR/PR at Tables VII-5 & C-1.

Producers in the six subject countries also have the incentive to increase exports to the United States in the imminent future, given their export orientation and increasing reliance on the U.S. market during the POI.[272] These producers' exports accounted for between *** percent and *** percent of their total shipments during the POI, and their exports are projected to account for an even larger share of their total shipments in the imminent future.[273] By contrast, their shipments to home market customers as a share of total shipments ranged from *** percent to *** percent during the POI, and their home market shipments are projected to account for an even smaller share of their total shipments in the imminent future.[274] Although the total export shipments of producers in the six subject countries declined from 2021 to 2023, they are projected to increase in the imminent future and exceed their peak levels during the POI in both 2024 and 2025.[275] These producers also increased their exports to the United States as a share of their total shipments, from *** percent in 2021 to *** percent in 2023, while their share of exports to third country markets accounted for an overall declining share of total shipments during the POI.[276] These data indicate that cumulated subject producers were highly export oriented and increasingly dependent on the U.S. market during the POI.

In light of significant and increasing volume and market share of cumulated subject imports during the POI, the large capacity of the subject industries, including substantial excess capacity, the subject industries' large inventories, and the subject industries' demonstrated

[272] CR/PR at Tables VII-5 & VII-10.

[273] CR/PR at Table VII-5.

[274] CR/PR at Table VII-5.

[275] Subject producers' total export shipments declined from *** pounds in 2021 to *** pounds in 2023. CR/PR at Table VII-5. Their total export shipments are projected to be *** pounds in 2024 and *** pounds in 2025. *Id*.

[276] CR/PR at Table VII-5.

ability to supply export markets generally and the United States in particular, we find that in the absence of relief, cumulated subject imports from the six countries subject to these investigations are likely to remain significant and substantially increase relative to apparent U.S. consumption, as occurred during the POI, in the imminent future.

2. Likely Price Effects

We found in Section VII.A.3. above that there is at least a moderate-to-high degree of substitutability between subject imports and the domestic like product, and that price is an important factor in purchasing decisions, among other important factors.

We found in Section VII.B.2. that subject imports from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago, on a cumulated basis, undersold the domestic like product to a significant degree. Including subject imports from Japan, cumulated subject imports undersold the domestic like product in 53 of 97 or 54.6 percent of quarterly comparisons, with underselling margins ranging from 0.0 percent to 39.1 percent and averaging 12.1 percent.[277] There were 131.7 million pounds of cumulated subject imports from the six countries subject to these investigations (78.0 percent by volume) in the quarters with underselling compared to 37.1 million pounds of subject melamine (22.0 percent by volume) in the quarters with overselling.[278] Thus, we find that cumulated subject imports from the six subject countries including Japan undersold the domestic like product to a significant degree during the POI. Concurrently with the underselling discussed above, cumulated subject imports from all six subject countries including Japan gained market share at the expense of the domestic industry

[277] CR/PR at Table V-10.
[278] CR/PR at Table V-10.

during the POI, including *** percentage points of market share overall between 2021 and 2023.[279] [280]

In the absence of any evidence that the pattern of subject import underselling is likely to change, we find that cumulated subject imports are likely to continue to undersell the domestic like product in the imminent future. Given the at least moderate-to-high degree of substitutability between the domestic like product and cumulated subject imports, including from Japan, and the importance of price to purchasing decisions, the significant and increasing volumes of these imports that are likely to enter the U.S. market in the imminent future absent relief will likely continue to undersell the domestic like product to a significant degree, as a means of gaining sales and market share. The likely low prices of these subject imports, in turn, are likely to increase demand for subject imports from the six countries subject to these investigations, contributing to an additional shift in market share from the domestic industry to these subject imports. Accordingly, we find that significant underselling by cumulated subject imports, including from Japan, is likely to continue in the imminent future, likely increasing demand for further imports and having significant adverse price effects.[281]

[279] CR/PR at Table C-1. Including subject imports from Japan, the market share of cumulated subject imports increased from *** percent in 2021 to *** percent in 2022 and *** percent in 2023. *Id*.

[280] Commissioner Schmidtlein finds that significant underselling by cumulated subject imports led to a significant market share shift. As discussed above, the Commission will investigate the effects of asserted supply constraints in any final phase investigations.

[281] We acknowledge that the following factors may have contributed to the significant adverse price effects: declining U.S. apparent consumption and supply constraints including the two force majeure events during the POI. *See* sections VII.A.1, 2 above. In any final phase investigations, we will examine the extent to which these factors may have contributed to the adverse price effects.

3. Likely Impact[282]

We found in Section VII.B.3. above that the significant and increasing volume of low-priced cumulated imports from the six countries subject to these investigations had a significant impact on the domestic industry during the POI. In our threat analysis, we have found that these cumulated subject imports are likely to continue to enter the U.S. market in significant volumes and to engage in significant underselling of the domestic like product in the imminent future. We conclude that cumulated subject imports from the six subject countries will likely have the same type of adverse impact on the domestic industry in the imminent future that we found in Section VII.B.3. with respect to subject imports from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago during the POI. The significant volumes of low-priced subject imports will likely continue to displace sales of the domestic like product from the U.S. market and cause the domestic industry to lose market share, which will lead to adverse effects on the domestic industry's production, U.S. shipments, revenues, and financial performance.

In Section VII.B.3. above, we considered other factors, including demand and nonsubject imports, and concluded that any injury that may be attributable to these factors is distinct from the injury attributable to cumulated subject imports. This analysis applies equally to likely conditions in the imminent future with respect to cumulated subject imports from the six countries subject to these investigations. We therefore find that further subject imports are

[282] Commerce has initiated countervailing duty investigations on 11 alleged subsidy programs in Germany, 19 alleged subsidy programs in India, seven alleged subsidy programs in Qatar, and two alleged subsidy programs in Trinidad & Tobago. *Department of Commerce Countervailing Duty Investigation Initiation Checklist, Melamine from Germany*, Mar. 5, 2024, at 5-15; *Department of Commerce Countervailing Duty Investigation Initiation Checklist, Melamine from India,* Mar. 5, 2024, at 6-19; *Department of Commerce Countervailing Duty Investigation Initiation Checklist, Melamine from Qatar*, Mar. 5, 2024, at 6-9; *Department of Commerce Countervailing Duty Investigation Initiation Checklist, Melamine from Trinidad & Tobago*, Mar. 5, 2024, at 6-7.

imminent and that material injury by reason of cumulated subject imports from the six subject countries would occur unless antidumping and countervailing duty orders are issued. Accordingly, we find a reasonable indication that the domestic industry is threatened with material injury by reason of subject imports from Japan.

IX. 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 imports of melamine from Germany, India, the Netherlands, Qatar, and Trinidad & Tobago, that are allegedly sold in the United States at less than fair value and imports of melamine from Germany, India, Qatar, and Trinidad & Tobago that are allegedly subsidized by the governments of Germany, India, Qatar, and Trinidad & Tobago. We also find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of melamine from Japan that are allegedly sold in the United States at less than fair value.

Part I: Introduction

Background

These investigations result from petitions 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 February 14, 2024, alleging that an industry in the United States is materially injured and threatened with material injury by reason of subsidized imports of melamine[1] from Germany, India, Qatar, and Trinidad and Tobago and less-than-fair-value ("LTFV") imports of melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago. Table I-1 presents information relating to the background of these investigations.[2] [3]

Table I-1
Melamine: Information relating to the background and schedule of this proceeding

Effective date	Action
February 14, 2024	Petitions filed with Commerce and the Commission; institution of the Commission investigations (89 FR 13090, February 21, 2024)
March 5, 2024	Commerce's notice of initiation of countervailing duty ("CVD") investigations (89 FR 17381, March 11, 2024)
March 5, 2024	Commerce's notice of initiation of LTFV investigations (89 FR 17413, March 11, 2024)
March 6, 2024	Commission's conference
March 29, 2024	Commission's vote
April 1, 2024	Commission's determinations
April 8, 2024	Commission's views

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--

[1] See the section entitled "The subject merchandise" in Part I of this report for a complete description of the merchandise subject in this proceeding.

[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 appendix B of this report.

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

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--[4]

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, gross profits, operating profits, net profits, ability to service debt, productivity, return on investments, return on assets, 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.

In addition, Section 771(7)(J) of the Act (19 U.S.C. § 1677(7)(J)) provides that—[5]

[4] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.
[5] Amended by PL 114-27 (as signed, June 29, 2015), Trade Preferences Extension Act of 2015.

(J) EFFECT OF PROFITABILITY.—The Commission may not determine that there is no material injury or threat of material injury to an industry in the United States merely because that industry is profitable or because the performance of that industry has recently improved.

Organization of report

Part I of this report presents information on the subject merchandise, alleged subsidy/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 U.S. producers. 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 a fine, white crystalline powder that 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.[6] Cornerstone is the sole U.S. producer of melamine, while leading producers of melamine outside of the United States include LAT Nitrogen Piesteritz GmbH ("LAT") of Germany, Gujarat State Fertilizers & Chemicals Limited ("Gujarat") of India, Mitsui Chemicals and Nissan Chemical Corp. of Japan,[7] OCI Nitrogen B.V. ("OCI") of the Netherlands, Qatar Melamine Company ("Qatar Melamine") of Qatar, and Methanol Holdings (Trinidad) Limited ("Methanol Holdings") of Trinidad and Tobago. The leading U.S. importers of melamine from subject countries are LAT (Germany), S.A.F.E. Chemicals LLC ("S.A.F.E.") (India), *** (Japan), OCI (Netherlands), Kronochem USA LLC ("Kronochem") and *** (Qatar), and Helm U.S. Corporation ("Helm") (Trinidad and Tobago), while leading importers of product from nonsubject countries (primarily Russia) include ***.

[6] Petition, p. 8; and Melamine from China, Inv. Nos. 701-TA-526 and 731-TA-1262, USITC Publication 5210, June 2021, p. 6.

[7] The Commission did not receive questionnaire responses from any Japanese firm.

U.S. purchasers of melamine are firms that produce melamine resins for applications primarily in construction and automotive industries; leading purchasers include ***.

Apparent U.S. consumption of melamine totaled approximately 115.7 million pounds ($129.4 million) in 2023. Cornerstone's U.S. shipments of melamine totaled *** pounds ($***) in 2023, and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from subject sources totaled *** pounds ($***) in 2023 and accounted for *** percent of apparent U.S. consumption by quantity and *** percent by value. U.S. shipments of imports from nonsubject sources were *** in 2023.

Summary data and data sources

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on Cornerstone's questionnaire response that accounted for all U.S. production of melamine during 2023. U.S. imports are based on official import statistics and the questionnaire responses of 13 firms. Data on the subject foreign industries are based on the questionnaire responses of five firms.

Previous and related investigations

The Commission has conducted three previous import relief investigations on melamine or similar merchandise, as presented in table I-2.

Table I-2
Melamine: Previous and related Commission proceedings and current status

Date	Investigation Number	Country	ITC original determination	Current status
1977	AA1921-162	Japan	Affirmative	Order revoked effective September 1, 2004 after no domestic party responded to Commerce's notice of initiation of the third review
1982	731-TA-107	Brazil	Negative (Preliminary)	---
2015	701-TA-526	China	Affirmative	Order continued after first review, effective July 9, 2021
2015	731-TA-1262	China	Affirmative	Order continued after first review, effective July 9, 2021
2015	701-TA-527	Trinidad and Tobago	Negative	---
2015	731-TA-1263	Trinidad and Tobago	Negative	---

Source: U.S. International Trade Commission publications and Federal Register notices.

Note: "Date" refers to the year in which the investigation was instituted by the Commission.

Nature and extent of alleged subsidies and sales at LTFV

Alleged subsidies

On March 11, 2024, Commerce published a notice in the Federal Register of the initiation of its countervailing duty investigations on melamine from Germany, India, Qatar, and Trinidad and Tobago.[8]

Alleged sales at LTFV

On March 11, 2024, Commerce published a notice in the Federal Register of the initiation of its antidumping duty investigations on melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago.[9] Commerce has initiated antidumping duty investigations based on the following estimated dumping margins: (1) Germany—139.74 to 218.73 percent; (2) India—393.82 to 632.74 percent; (3) Japan—102.53 to 127.69 percent; (4) the Netherlands—34.84 to 72.16 percent; (5) Qatar—143.75 to 504.23 percent; and (6) Trinidad and Tobago—49.78 to 146.85 percent.

[8] For further information on the alleged subsidy programs see Commerce's notice of initiation and related CVD Initiation Checklist. 89 FR 17381, March 11, 2024.

[9] 89 FR 17416, March 11, 2024.

The subject merchandise

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:[10]

> *The merchandise subject to these investigations is melamine (Chemical Abstracts Service (CAS) registry number 108–78–01, molecular formula $C_3 H_6 N_6$). 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. Melamine is a crystalline powder or granule. 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.*

Tariff treatment

Based upon the scope set forth by Commerce, information available to the Commission indicates that melamine, the merchandise subject to this investigation, is imported under Harmonized Tariff Schedule of the United States (HTS) subheading 2933.61.00.[11] The 2024 general rate of duty for the subheading is 3.5 percent ad valorem. Products of Trinidad and Tobago are eligible for duty-free entry under the Caribbean Basin Economic Recovery Act, upon proper importer claim showing compliance with HTS general note 7. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

[10] 89 FR 17413, March 11, 2024.

[11] Petitioner is not aware of out-of-scope merchandise entering under HTS subheading 2933.61.00 nor of melamine entering under other HTS subheadings. Petitioner's postconference brief, exh. 1, p. 18; and conference transcript, pp. 49-50 (McLain and Driscoll). Petitioner is also not aware of any imports of mixtures or blends containing melamine during 2021-23. Petitioner's postconference brief, exh. 1, p. 19.

Imports of melamine from China are subject to additional Section 301 duties of 25 percent ad valorem for each HTS subheading, effective since May 10, 2019, up from the original 10 percent duty proclaimed in September 2018.[12]

The product

Description and applications

Melamine is a fine, white organic crystalline powder with the chemical structure 1,3,5-triazine-2,4,6-triamine ($C_3H_6N_6$, CAS number 108-78-1).[13] Sold as a white, crystalline powder with a purity of 99.8 percent, melamine has a melting point of approximately 350 degrees Celsius, with vaporization, and is only slightly soluble in water.[14]

Melamine is used primarily to manufacture melamine-formaldehyde ("MF") resins that are feedstocks in products used in the automotive, construction, and furniture sectors, including surface coatings, laminates, molding compounds, paper and textile treatments, and adhesives.[15] Use in laminates and surface coatings reportedly accounted for about *** of annual melamine consumption in the United States in 2023.[16] Laminates, which accounted for *** of melamine use in 2023, are used in kitchen and bathroom countertops, table tops, doors, and cabinets.[17] MF resins provide durability and stain resistance for long-lasting working surfaces.[18]

[12] 84 FR 26930, June 10, 2019.
[13] PubChem, *Melamine*, March 2, 2024.
[14] Petition, p. 8; PubChem, *Melamine*, March 2, 2024.
[15] Petition, pp. 8 and 9; Hexion, *Melamine Resins*, accessed March 8, 2024.
[16] Petition, p. 9.
[17] Petition, p. 9.
[18] Petition, p. 9.

Manufacturing processes

Melamine is produced by thermal decomposition of urea (CH_4N_2O).[19] Urea is made by reacting ammonia (NH_3) and carbon dioxide (CO_2) under heat and pressure.[20] The aqueous urea solution is then concentrated and heated to form melamine, either via a low-pressure catalytic process or a high-pressure non-catalytic process.[21] In the low-pressure process, the urea is concentrated via circulation of a molten salt solution.[22]

The petitioner states that while the Cornerstone facility uses the low-pressure process, newer plants are likely to use the high-pressure process.[23] Qatar Melamine states that the high-pressure process is used in more modern plants.[24] The petitioner also stated that both processes create melamine that has the same characteristics, specifications, and uses but that clumping, often caused by moisture, humidity, or sitting for longer times, including on vessels, can happen with either low or high pressure.[25] Importer S.A.F.E. says in its postconference brief that melamine produced from low-pressure processes, especially with production that uses coal such as in China, tends to have more impurities and be more subject to clumping; S.A.F.E. also said during the conference that melamine produced via the high-pressure process accounts for a large share of U.S. imports and is perceived to have several advantages, including ease of use, less clumping, and fewer impurities.[26] Methanol Holdings, which uses the high-pressure process, states that their product is chemically identical to that produced by the low-pressure process but is subject to clumping, which can limit its buyers and applications.[27] Gujarat stated in its postconference brief that the plants using the high-pressure process are more cost-effective and produce higher quality melamine.[28] Another perceived benefit of melamine produced via the high-pressure process, particularly in Europe and increasingly in the United

[19] ***.

[20] Petition, pp. 10-11.

[21] Petition, pp. 10-11. The two processes were developed by several companies and are usually licensed to users. The petitioner said that there are "no continuing licensing costs associated" with their production of melamine. Conference transcript, p. 81 (Blaser).

[22] Conference transcript, p. 18 (Frank).

[23] Conference transcript, 82 (Driscoll).

[24] Qatar Melamine, postconference brief, March 11, 2024, p. 6.

[25] Petition, p. 11; conference transcript. P. 77 (Driscoll). Producers can also produce melamine that meets specific purity levels for different customers and applications.

[26] S.A.F.E., postconference brief, March 11, 2024, p. 4; Conference transcript, 136-137 (Chandan).

[27] Methanol Holdings postconference brief, March 11, 2024, pp. 10-11.

[28] Gujarat postconference brief, March 11, 2024, p. 10.

States, is that the melamine is considered more sustainable.[29] One respondent said that their company uses melamine produced from both the low-pressure and high-pressure processes.[30]

With one exception of a company using both processes, the melamine producers covered by these investigations use one or the other of the two processes. Cornerstone (United States), LAT (Germany), OCI (the Netherlands), and Mitsui Chemicals, Inc. (Japan) use the low-pressure process while Methanol Holdings (Trinidad and Tobago) and Qatar Melamine (Qatar) use the high-pressure process.[31] The exception was Gujarat (India), which operated three plants during 2021 through April 2022: two older plants that used the low-pressure process and a newer plant brought onstream in 2019 that used the high-pressure process.[32] In April 2022, however, Gujarat closed the two older plants and now only operates the 2019 plant.[33]

The economics of the processes are affected by several factors, including the recycling of the ammonia and carbon dioxide by-product off-gases.[34] The off-gases can be used as inputs either for urea production or ammonium nitrate or ammonium sulfate production.[35] Also, many producing companies are back integrated to various stages along the production route, with some producing the urea feedstock and, potentially, the urea's ammonia feedstock too.[36] The petitioner says that they produce the urea feedstock and purchase the ammonia and carbon dioxide feedstocks.[37]

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[29] Conference transcript, 164-165 (Carroll and Sukhu-Maharaj).

[30] Conference transcript, 149 (Lestini).

[31] Conference transcript, pp. 19 (Frank), 82 (Driscoll), 92 (Driscoll), 136 (Sukhu-Maharaj), and 150 (Wulf); S&P Global Commodity Insights, "Interview: Borealis CEO Sees Growing Challenges to Run Petrochemical Units in Europe," August 1, 2023; PDM, "Develop and Implement a Flange Integrity Management System at the Chemelot Site," accessed March 8, 2024; Eurotechnica, "The Euromel® References List," accessed March 8, 2024.

[32] GSFC India Blog (Gujarat), "Melamine Leading the Way," September 15, 2020; Conference transcript, pp. 136 (Sukhu-Maharaj) and 143 (Raghuwanshi).

[33] GSFC India Blog (Gujarat), "Melamine Leading the Way," September 15, 2020; Conference transcript, p. 136 (Sukhu-Maharaj).

[34] Casales, "First Casale Lem™ Melamine Plant in Operation," December 3, 2020.

[35] Casales, "First Casale Lem™ Melamine Plant in Operation," December 3, 2020.

[36] Qatar Fertiliser Company, "Qatar Fertiliser Company (QAFCO)," accessed March 14, 2024; Proman, "Methanol Holdings (Trinidad) Limited," accessed March 14, 2024; GFSC, "Melamine, Leading the Way," September 23, 2020; Gujarat, "GSFC - Vadodara Unit," June 29, 2022; Conference Transcript, p. 19 (Frank).

[37] Conference transcript, p. 19 (Frank).

Domestic like product issues

No issues with respect to domestic like product have been raised in these investigations. The petitioner proposes a single domestic like product coextensive with Commerce's scope.[38] Respondents Gujarat and S.A.F.E., Methanol Holdings and Helm, and Qatar Melamine stated that they do not intend to raise any domestic like product issues for purposes of the preliminary phase of these investigations.[39]

[38] Petitioner's postconference brief, p. 5.

[39] Conference transcript, pp. 141-142 (Emerson, Campbell, and Craven). Counsel for Gujarat and S.A.F.E. indicated that it does not intend to raise any domestic like product issues in this preliminary phase, but that it will examine the differences between the two melamine manufacturing processes (high pressure vs. low pressure). Conference transcript, pp. 141-142 (Craven). In addition, purchasers Hexion and Wilsonart stated that they do not intend to raise any domestic like product issues for purposes of the preliminary phase. Conference transcript, p. 141 (Dutra and Levinson); and Hexion's postconference brief, p. 1.

Part II: Conditions of competition in the U.S. market

U.S. market characteristics

Melamine is a fine, white crystalline powder that is used primarily to manufacture MF resins, the main 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.[1] Typical laminate products include kitchen and bathroom countertops, table tops, doors, and cabinets.[2] Melamine is sold to the resin manufacturing industry which is highly consolidated and there are only a few major purchasers of melamine's primary downstream product, melamine resin, including board manufacturers, foam producers, and molding compound producers.[3]

When asked whether the melamine market was subject to distinct conditions of competition, U.S. producer Cornerstone indicated that the market ***. Four of 12 importers reported distinct conditions of competition, specifically noting that the market is dependent on construction and automotive markets. According to Cornerstone, U.S. demand is highly concentrated with four very large purchasers that buy the majority of melamine, with a few other significant purchasers.[4]

Apparent U.S. consumption of melamine decreased during January 2021-December 2023. Overall, apparent U.S. consumption in 2023 was 18.6 percent lower than in 2021.

[1] Petition, p. 8.

[2] Petition, p. 9.

[3] Melamine from China and Trinidad and Tobago, Inv. Nos. 701-TA-526-527 and 731-TA-1262-1263 (Final), USITC Publication 4585, December 2015.

[4] Conference transcript, pp. 24, 38 (Driscoll, McLain).

Channels of distribution

U.S. producer Cornerstone sold mainly to *** and importers sold mainly to end users as shown in table II-1.

Table II-1
Melamine: Share of U.S. shipments by source, channel of distribution, and period

Shares in percent

Source	Channel	2021	2022	2023
United States	Distributors	***	***	***
United States	End users	***	***	***
Germany	Distributors	***	***	***
Germany	End users	***	***	***
India	Distributors	***	***	***
India	End users	***	***	***
Japan	Distributors	***	***	***
Japan	End users	***	***	***
Netherlands	Distributors	***	***	***
Netherlands	End users	***	***	***
Qatar	Distributors	***	***	***
Qatar	End users	***	***	***
Trinidad and Tobago	Distributors	***	***	***
Trinidad and Tobago	End users	***	***	***
Subject sources	Distributors	***	***	***
Subject sources	End users	***	***	***
Subject sources less Japan	Distributors	***	***	***
Subject sources less Japan	End users	***	***	***
Subject sources less Trinidad and Tobago	Distributors	***	***	***
Subject sources less Trinidad and Tobago	End users	***	***	***
Nonsubject sources	Distributors	***	***	***
Nonsubject sources	End users	***	***	***
Nonsubject sources plus Japan	Distributors	***	***	***
Nonsubject sources plus Japan	End users	***	***	***
All sources less Trinidad and Tobago	Distributors	***	***	***
All sources less Trinidad and Tobago	End users	***	***	***
All imports	Distributors	***	***	***
All imports	End users	***	***	***

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

Geographic distribution

U.S. producer Cornerstone reported selling melamine to *** and importers reported selling melamine to all regions in the contiguous United States (table II-2). Cornerstone reported that *** percent of sales were between 101 and 1,000 miles and *** percent were over 1,000 miles. Importers sold *** percent within 100 miles of their U.S. point of shipment, *** percent between 101 and 1,000 miles, and *** percent over 1,000 miles.

Table II-2
Melamine: Count of U.S. producers' and U.S. importers' geographic markets

Region	U.S. producers	Germany	India	Japan	Netherlands	Qatar	Trinidad and Tobago	Subject sources
Northeast	***	2	3	1	1	1	1	6
Midwest	***	1	2	2	1	0	1	6
Southeast	***	1	1	3	1	1	1	8
Central Southwest	***	0	1	1	1	0	1	4
Mountains	***	0	0	0	0	0	1	1
Pacific Coast	***	0	1	2	1	0	1	5
Other	***	0	0	0	0	0	0	0
All regions (except Other)	***	0	0	0	0	0	1	1
Reporting firms	1	2	4	3	1	2	1	9

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

Note: Other U.S. markets include AK, HI, PR, and VI.

Supply and demand considerations

U.S. supply

Table II-3 provides a summary of the supply factors regarding melamine from U.S. producers and from subject countries.

Table II-3
Melamine: Supply factors that affect the ability to increase shipments to the U.S. market, by country

Quantity in 1,000 pounds; ratio and share in percent

Factor	Measure	United States	Germany	India	Japan
Capacity 2021	Quantity	***	***	***	***
Capacity 2023	Quantity	***	***	***	***
Capacity utilization 2021	Ratio	***	***	***	***
Capacity utilization 2023	Ratio	***	***	***	***
Inventories to total shipments 2021	Ratio	***	***	***	***
Inventories to total shipments 2023	Ratio	***	***	***	***
Home market shipments 2023	Share	***	***	***	***
Non-US export market shipments 2023	Share	***	***	***	***
Ability to shift production	Count	***	***	***	***

Factor	Measure	Netherlands	Qatar	Trinidad and Tobago	Subject suppliers
Capacity 2021	Quantity	***	***	***	***
Capacity 2023	Quantity	***	***	***	***
Capacity utilization 2021	Ratio	***	***	***	***
Capacity utilization 2023	Ratio	***	***	***	***
Inventories to total shipments 2021	Ratio	***	***	***	***
Inventories to total shipments 2023	Ratio	***	***	***	***
Home market shipments 2023	Share	***	***	***	***
Non-US export market shipments 2023	Share	***	***	***	***
Ability to shift production	Count	***	***	***	***

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

Note: Responding U.S. producer accounted for all of U.S. production of melamine in 2023. Responding foreign producer/exporter firms accounted for more than half of U.S. imports from Germany, more than 75 percent of U.S. imports from India, and Qatar, and virtually all U.S. imports from the Netherlands and Trinidad and Tobago during 2023. No Japanese producers responded. For additional data on the number of responding firms and their share of U.S. production and of U.S. imports from each subject country, please refer to Part VII, “Subject countries.”

Domestic production

Based on available information, U.S. producer Cornerstone has the ability to respond to changes in demand with large 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 availability of unused capacity, available inventories, and the ability to shift shipments from alternate markets. The limited ability to shift production to or from alternate products mitigates the responsiveness of supply.

U.S. producer Cornerstone reported increased production capacity from 2021 to 2023. This increased production capacity and *** production led to a large decrease in capacity utilization from 2021 to 2023. Cornerstone's inventories relative to total shipments increased substantially from 2021 to 2023. Exports to markets outside the United States were over *** of the firm's total shipments in 2023. Cornerstone reported it was *** to produce other products on the same equipment used to produce melamine.

Subject imports from Germany

Based on available information, producers of melamine from Germany have the ability to respond to changes in demand with small-to-moderate 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 inventories, and the ability to shift shipment from alternate markets. Factors mitigating the responsiveness of supply include limited unused capacity and an inability to produced alternate products on the same equipment used to produce melamine.

The responding German producer reported decreases in both production capacity and production, and an increase in capacity utilization from 2021 to 2023. German producers' inventories relative to total shipments increased from 2021 to 2023. German producers reported selling just under *** of shipments in their home market and just under *** of shipments to markets other than the United States. The responding German producer reported being *** to produce other products on the same equipment used to produce melamine.

Subject imports from India

Based on available information, producers of melamine from India have the ability to respond to changes in demand with moderate 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 some unused capacity, and ability to shift shipments from

alternate markets. Factors mitigating responsiveness of supply include limited inventories and an inability to shift production to or from alternate products.

The responding Indian producer reported decreased production and production capacity and an increase in capacity utilization from 2021 to 2023. Inventories as a share of total shipments decreased from 2021 to 2023. The Indian producer reported selling just under *** of shipments to its home market and just under *** to non-U.S. export markets. The Indian producer reported being *** to other products on the same equipment used to produce melamine.

Subject imports from Japan

Staff did not receive data for foreign producers from Japan.

Subject imports from the Netherlands

Based on available information, producers of melamine from the Netherlands have the ability to respond to changes in demand with small-to-moderate 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 moderate inventories and the ability to shift shipments from alternate markets. Factors mitigating the degree of responsiveness of supply are limited unused capacity and an inability ability to shift production to or from alternate products.

The producer in the Netherlands reported decreased production and production capacity but that capacity utilization was largely constant from 2021 to 2023. Its inventories increased overall. It reported selling over *** of shipments to markets other than the United States and just *** percent of shipment to the home market. It reported being *** to other products on the same equipment used to produce melamine.

Subject imports from Qatar

Based on available information, producers of melamine from Qatar have the ability to respond to changes in demand with small-to-moderate changes in the quantity of shipments of melamine to the U.S. market. The main contributing factor to this degree of responsiveness of supply is the ability to shift shipments from alternate markets. Factors mitigating the degree of responsiveness of supply are limited unused capacity, limited inventories, and an inability to shift production to or from alternate products.

The responding producer from Qatar reported increased production, production capacity, and capacity utilization from 2021 to 2023. Its inventories remained below *** percent of total shipments throughout the period. It reported selling ***

shipments to markets other than the United States. It reported being *** to produce other products on the same equipment used to produce melamine.

Subject imports from Trinidad and Tobago

Based on available information, producers of melamine from Trinidad and Tobago have the ability to respond to changes in demand with small-to-moderate 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 ability to shift shipments from alternate markets. Factors mitigating responsiveness of supply include limited inventories and an inability to shift production to or from alternate products.

The producer in Trinidad and Tobago reported decreased production and production capacity and increased capacity utilization from 2021 to 2023. It reported inventories of under *** percent of total shipments throughout the period. It reported selling over *** of total shipments to markets other than the United States. It reported being *** to produce other products on the same equipment used to produce melamine.

Imports from nonsubject sources

Nonsubject imports accounted for *** percent of total U.S. imports in 2023.

Supply constraints

Cornerstone reported experiencing supply constraints[5] and 7 of 12 importers also reported that they had experienced supply constraints since January 1, 2021. Cornerstone had two force majeure events during 2021 and 2022. The first event was caused by Hurricane Ida and involved a plant shutdown for *** starting in late August and the second event stopped production *** beginning in May 2022.[6] Respondent/purchaser Hexion reported that Cornerstone's force majeure lasted from September 2021 until April 2022, and that there was a subsequent plant outage resulting in a force majeure during June 2022-November 2022.[7] Respondent QMC emphasized that "Cornerstone's inability to reliably supply melamine to the U. S. market lasted for *** days - over *** of the POI."[8] Respondent QMC argued that Cornerstone's production issues occurred at a critical time in the business cycle for melamine, which is during the spring and

[5] Conference transcript, p. 83 (Driscoll).
[6] Cornerstone's questionnaire response, IV-18; Petitioner's postconference brief, p. 31.
[7] Conference transcript, p. 100 (Lestini).
[8] QMC postconference brief, p. 1.

summer months (Q2 and Q3), and that purchasers "turned increasingly to imports to diversity and mitigate supply risk."[9]

Large purchasers (and respondents) Hexion and Wilsonart reported that Cornerstone's production issues were very disruptive to their business, with Hexion declaring a force majeure itself, and Wilsonart manually allocating its limited melamine amongst its customers and providing "off-spec material" to its customers.[10] Respondent/purchaser Wilsonart stated that it had to purchase off-specification melamine to bridge the gaps in supply caused by Cornerstone's forces majeures.[11] Importers reported that the COVID-19 pandemic, interrupted logistics, and high shipping costs during 2021-mid 2022 limited imports and they also cited Cornerstone's forces majeures.

Additionally, there were several global events that contributed to the limited supply of melamine: the Russia-Ukraine war that began in early 2022 and the explosion of the Nord Stream 2 natural gas pipeline in September 2022, which limited energy for melamine production in Europe, and shipping costs and logistics in Asia also limited melamine supply.[12] Respondent/purchaser Wilsonart noted that the melamine industry as a whole is prone to force majeure events and supply shocks attributable to severe weather, international conflicts, the availability of natural gas, and relatively frequent equipment failures across producers.[13]

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 final products in the construction and automotive industries. Melamine comprises a medium cost share of intermediate products, such as melamine resins.

As shown in figure II-1 and table II-4, housing starts increased during 2021 and mid-2022, at which point housing starts declined to levels lower than in January 2021. On the other hand, automotive production decreased through September 2021, and then increased slightly to levels that were lower than in January 2021.

[9] QMC postconference brief, p. 12.

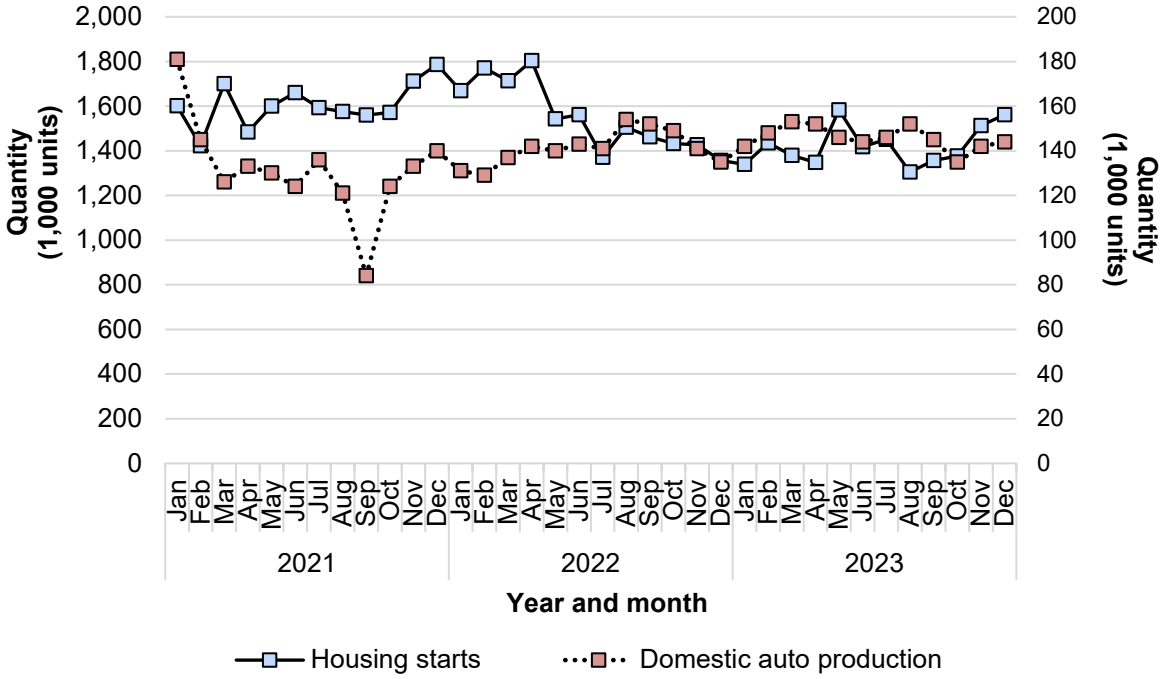
[10] Conference transcript, pp. 105, 146, 148 (Carroll, Lestini).

[11] Conference transcript, pp. 104-105, 146 (Carroll).

[12] Conference transcript, pp. 28, 110, 117, 123, 139, 160, 179 (Driscoll, Chandan, Sukhu-Maharaj, Husak, Lestini, Dutra); QMC postconference brief, p. 8.

[13] Wilsonart postconference brief, p. 8.

Figure II-1
Demand trends: Housing starts and domestic auto production, monthly, seasonally adjusted



Source: Federal Reserve Bank of St. Louis, Economic Research Division, New Privately-Owned Housing Units Started: Total Units, Thousands of Units, Monthly, Seasonally Adjusted Annual Rate, https://fred.stlouisfed.org/series/HOUST, and Domestic Auto Production, Thousands of Units, Monthly, Seasonally Adjusted, https://fred.stlouisfed.org/series/DAUPSA, accessed March 14, 2024.

Table II-4
Demand trends: Housing Starts and domestic auto production, monthly, seasonally adjusted

Year	Month	Housing starts (1,000 units)	Domestic auto production (1,000 units)
2021	January	1,602	181
2021	February	1,422	145
2021	March	1,700	126
2021	April	1,484	133
2021	May	1,600	130
2021	June	1,661	124
2021	July	1,593	136
2021	August	1,576	121
2021	September	1,560	84
2021	October	1,572	124
2021	November	1,712	133
2021	December	1,787	140
2022	January	1,669	131
2022	February	1,771	129
2022	March	1,713	137
2022	April	1,803	142
2022	May	1,543	140
2022	June	1,561	143
2022	July	1,371	141
2022	August	1,505	154
2022	September	1,463	152
2022	October	1,432	149
2022	November	1,427	141
2022	December	1,357	135
2023	January	1,340	142
2023	February	1,436	148
2023	March	1,380	153
2023	April	1,348	152
2023	May	1,583	146
2023	June	1,418	144
2023	July	1,451	146
2023	August	1,305	152
2023	September	1,356	145
2023	October	1,376	135
2023	November	1,512	142
2023	December	1,562	144

Source: Federal Reserve Bank of St. Louis, Economic Research Division, New Privately-Owned Housing Units Started: Total Units, Thousands of Units, Monthly, Seasonally Adjusted Annual Rate, https://fred.stlouisfed.org/series/HOUST, and Domestic Auto Production, Thousands of Units, Monthly, Seasonally Adjusted, https://fred.stlouisfed.org/series/DAUPSA, accessed March 14, 2024.

End uses and cost share

U.S. demand for melamine depends on the demand for U.S.-produced downstream products. End uses include surface coatings, laminates, molding compounds, paper treatments, adhesives, and textile-treatment applications in the automotive, appliance, dinnerware, furniture, fabric, and wood paneling industries.[14]

Melamine accounts for a small share of the cost of the end-use products in which it is used, and a moderate share of the cost of intermediate products, such as melamine resins. Cornerstone reported that melamine accounts for ***. Importers reported a range of end uses for melamine and their respective cost shares including water treatment, laminate flooring, and thermally fused laminate (with melamine ranging from 4-6 percent of the total cost), wood processing (10 percent), and melamine compounds and boron nitride (30 to 40 percent).

Business cycles

U.S. producer Cornerstone reported that the market *** subject to business cycles. Six of 12 importers indicated that the market is subject to business cycles. Firms reported that business cycles generally follow the seasonality for housing construction during the second and third quarters of the year. Importer *** also indicated that demand for melamine follows broader macroeconomic drivers such as GDP, in addition to the construction and automotive sectors.

Demand trends

U.S. producer Cornerstone reported that U.S. demand for melamine *** and a plurality of importers reported that U.S. demand fluctuated downwards, since January 1, 2021 (table II-5). Cornerstone stated that demand for melamine rebounded in 2021 and 2022 after COVID-related shutdowns prior to the period of investigation, and that this rebound was largely driven by increased interest in home improvement projects.[15]

Respondents stated the demand for melamine declined in 2023 as demand for end-use products declined.[16]

[14] Petition, p. 8.
[15] Conference transcript, p. 28 (Driscoll).
[16] Conference transcript, pp. 28, 101, 138 (Drisocll, Lestini).

Table II-5
Melamine: Count of firms' responses regarding overall domestic and foreign demand, by firm type

Market	Firm type	Steadily Increase	Fluctuate Up	No change	Fluctuate Down	Steadily Decrease
Domestic demand	U.S. producers	***	***	***	***	***
Domestic demand	Importers	1	4	3	7	0
Foreign demand	U.S. producers	***	***	***	***	***
Foreign demand	Importers	1	3	2	6	0

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

Substitute products

Petitioner Cornerstone[17] and almost all importers (10 of 11) reported that there are no substitutes for melamine. Importer *** reported that phenolic resins and porcelain can act as substitutes of melamine, but stated that the price of these substitutes do not affect the price of melamine.

Substitutability issues

This section assesses the degree to which U.S.-produced melamine and imports of melamine from subject countries can be substituted for one another by examining the importance of certain purchasing factors and the comparability of melamine from domestic and imported sources based on those factors. Based on available data, staff believes that there is a moderate-to-high degree of substitutability between domestically produced melamine and melamine imported from subject sources.[18] Factors contributing to this level of substitutability include similar quality and interchangeability between domestic and subject sources. Factors reducing substitutability include availability and reliability of supply issues, and differing questionnaire responses regarding the importance of supply diversity.

Factors affecting purchasing decisions

Purchasers responding to lost sales lost revenue allegations[19] were asked to identify the main purchasing factors their firm considered in their purchasing decisions for melamine. The

[17] Petition, p. 25; conference transcript, p. 71 (Driscoll).

[18] The degree of substitution between domestic and imported melamine depends upon the extent of product differentiation between the domestic and imported products and reflects how easily purchasers can switch from domestically produced melamine to the melamine imported from subject countries (or vice versa) when prices change. The degree of substitution may include such factors as relative prices (discounts/rebates), quality differences (e.g., grade standards, defect rates, etc.), and differences in sales conditions (e.g., lead times between order and delivery dates, reliability of supply, product services, etc.).

[19] This information is compiled from responses by purchasers identified by Petitioner to the lost sales lost revenue allegations. See Part V for additional information.

major purchasing factors identified by firms include on-time delivery, quality, supply diversity, supply consistency and availability, and price.

Most important purchase factors

The most often cited top three factors firms consider in their purchasing decisions for melamine were quality (4 firms), price (4 firms), and availability of supply (3 firms) as shown in table II-6. Quality was the most frequently cited first-most important factor (cited by 3 firms), followed by on-time delivery (1 firm); availability of supply was the most frequently reported second-most important factor (3 firms); and price was the most frequently reported third-most important factor (4 firms).

Table II-6
Melamine: Count of ranking of factors used in purchasing decisions as reported by purchasers, by factor

Factor	First	Second	Third	Total
Quality	3	1	1	5
Price / Cost	0	0	4	4
Availability / Supply / Reliability	1	4	0	5
On-time delivery	1	0	0	1

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

Respondent/purchaser Hexion reported that its primary purchasing factors are the quality of the material and conformance to internal specifications and the second most important? is the ability of melamine suppliers to supply volumes consistently and without interruption.[20] After Cornerstone's forces majeures, Hexion increased its efforts to diversify its supply chain.[21] Respondent/purchaser Wilsonart stated that it cannot revert to its "previous model of relying heavily on one U.S. source of supply."[22] Purchaser Kronospan also emphasized that forces majeures in 2022 "taught Kronospan to never again rely so heavily on any single supplier." [23]

Lead times

Melamine is primarily sold from inventory. U.S. producer Cornerstone reported that *** of its shipments were sold from inventory, with lead times of *** days. Importers reported

[20] Conference transcript, p. 99 (Lestini).
[21] Conference transcript, p. 100 (Lestini).
[22] Conference transcript, p. 106 (Carroll).
[23] Postconference brief, pp. 1-2. ***.

that 69.0 percent of their commercial shipments were sold from U.S. inventories, with lead times averaging approximately 11 days, 14.3 percent were from foreign inventories with lead times of approximately 45 days, and 16.7 percent were produced to order with average lead times of approximately 60 days.

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 Germany, India, Japan, the Netherlands, Qatar, and Trinidad and Tobago, the U.S. producer, importers, and purchasers were asked whether the products can always, frequently, sometimes, or never be used interchangeably. As shown in tables II-7 to II-8, U.S. producer Cornerstone reported that U.S.-produced melamine is *** interchangeable with melamine imported from subject countries and most importers reported that U.S.-produced melamine is always interchangeable with melamine imported from subject countries.

Table II-7
Melamine: Count of U.S. producers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. Germany	***	***	***	***
United States vs. India	***	***	***	***
United States vs. Japan	***	***	***	***
United States vs. Netherlands	***	***	***	***
United States vs. Qatar	***	***	***	***
United States vs. Trinidad & Tobago	***	***	***	***
Germany vs. India	***	***	***	***
Germany vs. Japan	***	***	***	***
Germany vs. Netherlands	***	***	***	***
Germany vs. Qatar	***	***	***	***
Germany vs. Trinidad & Tobago	***	***	***	***
India vs. Japan	***	***	***	***
India vs. Netherlands	***	***	***	***
India vs. Qatar	***	***	***	***
India vs. Trinidad & Tobago	***	***	***	***
Japan vs. Netherlands	***	***	***	***
Japan vs. Qatar	***	***	***	***
Japan vs. Trinidad & Tobago	***	***	***	***
Netherlands vs. Qatar	***	***	***	***
Netherlands vs. Trinidad & Tobago	***	***	***	***
Qatar vs. Trinidad & Tobago	***	***	***	***
United States vs. Other	***	***	***	***
Germany vs. Other	***	***	***	***
India vs. Other	***	***	***	***
Japan vs. Other	***	***	***	***
Netherlands vs. Other	***	***	***	***
Qatar vs. Other	***	***	***	***
Trinidad & Tobago vs. Other	***	***	***	***

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

Table II-8
Melamine: Count of importers reporting the interchangeability between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. Germany	4	1	0	1
United States vs. India	3	2	0	1
United States vs. Japan	3	0	1	1
United States vs. Netherlands	4	2	0	0
United States vs. Qatar	5	1	1	1
United States vs. Trinidad & Tobago	4	1	1	0
Germany vs. India	2	1	0	1
Germany vs. Japan	2	0	0	1
Germany vs. Netherlands	3	0	0	0
Germany vs. Qatar	3	0	0	1
Germany vs. Trinidad & Tobago	3	0	0	0
India vs. Japan	1	1	0	1
India vs. Netherlands	2	1	0	0
India vs. Qatar	2	1	0	1
India vs. Trinidad & Tobago	2	1	0	0
Japan vs. Netherlands	2	0	0	0
Japan vs. Qatar	2	0	0	1
Japan vs. Trinidad & Tobago	2	0	0	0
Netherlands vs. Qatar	3	0	0	0
Netherlands vs. Trinidad & Tobago	3	0	0	0
Qatar vs. Trinidad & Tobago	3	1	0	0
United States vs. Other	0	0	0	0
Germany vs. Other	0	0	0	0
India vs. Other	0	0	0	0
Japan vs. Other	0	0	0	0
Netherlands vs. Other	0	0	0	0
Qatar vs. Other	0	0	0	0
Trinidad & Tobago vs. Other	0	0	0	0

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

In addition, the U.S. producer 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 tables II-9 to II-10, Cornerstone reported that differences other than price between U.S.-produced melamine and subject product are *** significant. Importers' responses were mixed. Importers reported that significant differences other than price include reliability/consistency/diversity of supply (5 firms); product availability (2 firms); and product quality, particle size, quality of service, ease of conducting business and customer relations (1 firm each).

Table II-9
Melamine: Count of U.S. producers reporting the significance of differences other than price between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. Germany	***	***	***	***
United States vs. India	***	***	***	***
United States vs. Japan	***	***	***	***
United States vs. Netherlands	***	***	***	***
United States vs. Qatar	***	***	***	***
United States vs. Trinidad & Tobago	***	***	***	***
Germany vs. India	***	***	***	***
Germany vs. Japan	***	***	***	***
Germany vs. Netherlands	***	***	***	***
Germany vs. Qatar	***	***	***	***
Germany vs. Trinidad & Tobago	***	***	***	***
India vs. Japan	***	***	***	***
India vs. Netherlands	***	***	***	***
India vs. Qatar	***	***	***	***
India vs. Trinidad & Tobago	***	***	***	***
Japan vs. Netherlands	***	***	***	***
Japan vs. Qatar	***	***	***	***
Japan vs. Trinidad & Tobago	***	***	***	***
Netherlands vs. Qatar	***	***	***	***
Netherlands vs. Trinidad & Tobago	***	***	***	***
Qatar vs. Trinidad & Tobago	***	***	***	***
United States vs. Other	***	***	***	***
Germany vs. Other	***	***	***	***
India vs. Other	***	***	***	***
Japan vs. Other	***	***	***	***
Netherlands vs. Other	***	***	***	***
Qatar vs. Other	***	***	***	***
Trinidad & Tobago vs. Other	***	***	***	***

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

Table II-10
Melamine: Count of importers reporting the significance of differences other than price between product produced in the United States and in other countries, by country pair

Country pair	Always	Frequently	Sometimes	Never
United States vs. Germany	2	0	2	1
United States vs. India	3	0	2	0
United States vs. Japan	1	1	1	1
United States vs. Netherlands	1	1	2	1
United States vs. Qatar	2	1	2	1
United States vs. Trinidad & Tobago	1	1	2	1
Germany vs. India	2	0	2	0
Germany vs. Japan	1	0	1	1
Germany vs. Netherlands	1	0	2	1
Germany vs. Qatar	2	0	1	1
Germany vs. Trinidad & Tobago	1	0	2	1
India vs. Japan	1	0	2	0
India vs. Netherlands	1	0	2	0
India vs. Qatar	2	0	2	0
India vs. Trinidad & Tobago	1	0	3	0
Japan vs. Netherlands	0	0	1	1
Japan vs. Qatar	1	0	1	1
Japan vs. Trinidad & Tobago	0	0	1	1
Netherlands vs. Qatar	1	0	1	1
Netherlands vs. Trinidad & Tobago	1	0	2	1
Qatar vs. Trinidad & Tobago	1	0	2	1
United States vs. Other	0	0	1	0
Germany vs. Other	0	0	0	0
India vs. Other	0	0	0	0
Japan vs. Other	0	0	0	0
Netherlands vs. Other	0	0	0	0
Qatar vs. Other	0	0	1	0
Trinidad & Tobago vs. Other	0	0	1	0

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

Part III: U.S. producer's 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 and dumping margins 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 (except as noted) is based on Cornerstone's questionnaire response that accounted for all U.S. production of melamine during 2023.

U.S. producer

Table III-1 lists U.S. producer Cornerstone's production location, its position on the petitions, and share of total production.

Table III-1
Melamine: U.S. producer, its position on the petitions, production locations, and shares of reported production, 2023

Share in percent

Firm	Position on petitions	Production location(s)	Share of production
Cornerstone	Petitioner	Waggaman, LA	100.0

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

Table III-2 presents information on U.S. producer Cornerstone's ownership, related and/or affiliated firms.

Table III-2
Melamine: U.S. producer's ownership, related and/or affiliated firms

Reporting firm	Relationship type and related firm	Details of relationship
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***
***	***	***

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

As indicated in table III-2, Cornerstone is not related to foreign producers of the subject merchandise or U.S. importers of the subject merchandise. In addition, Cornerstone did not directly import the subject merchandise or purchase the subject merchandise from U.S. importers.

Table III-3 presents events in the U.S. industry since January 1, 2021. Cornerstone experienced two production curtailments and subsequent force majeures during 2021-22. On August 28, 2021, Cornerstone shut down its manufacturing operations and issued a force majeure notice in anticipation of Hurricane Ida. The production outage lasted three weeks and Cornerstone achieved pre-event production levels by September ***, 2021, while the force majeure stayed in effect until April ***, 2022 to rebuild inventory.[1] On May ***, 2022, Cornerstone shut down its production for approximately *** weeks due to unplanned maintenance on its salt coil reactor and declared force majeure on June 2, 2022. Cornerstone resumed production in late July 2022 and lifted the force majeure on November ***, 2022. During the production outages, Cornerstone stated that it was able to supply its customers from inventory, by diverting product scheduled for export, and extending some delivery schedules.[2] In addition, Cornerstone underwent an equity and debt restructuring in late 2023.[3]

Table III-3
Melamine: Important industry events during 2021-23

Item	Firm	Event
Force majeure	Cornerstone	Cornerstone stated in a press release dated August 31, 2021, that it had closed its Waggaman, LA, production facility on August 28, 2021, in anticipation of Hurricane Ida and declared force majeure.
Force majeure	Cornerstone	Cornerstone stated in a press release dated June 2, 2022, that it closed its Waggaman, LA, production facility for repairs for an unspecified reason on June 2, 2022, and declared force majeure, adding that this closure, combined with the impact from Hurricane Ida, could last about 25 days. Moody's stated that the facility was closed for over 8 weeks.

Source: Cornerstone, "Cornerstone Statement Regarding Operational Status Following Hurricane Ida," August 31, 2021; Cornerstone, "Cornerstone Statement Regarding Force Majeure Relating to Supply of Melamine," press release, June 2, 2022; Moody's, "CSTN Merger Sub, Inc. -- Moody's States that Outages at CSTN's Facility Reduce the Near-Term Potential for an Upgrade," August 30, 2022.

[1] Petitioner's postconference brief, exh. 3, pp. 2-3; and conference transcript, pp. 64-66, 104 (Sokol, Driscoll, and Carroll).

[2] Petitioner's postconference brief, exh. 3, pp. 2-4; and conference transcript, pp. 64-66, 104 (Sokol, Driscoll, and Carroll).

[3] Conference transcript, p. 17 (Sokol); and Petitioner's postconference brief, p. 30 and exh. 1, pp. 13-14.

Cornerstone was asked to report any changes in the character of its operations or organization relating to the production of melamine since January 1, 2021. Table III-4 presents the changes identified by Cornerstone.

Table III-4
Melamine: U.S. producer's reported changes in operations, since January 1, 2021

Item	Narrative response on changes in operations
Production curtailments	***
Weather-related or force majeure events	***
Other	***

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

U.S. production, capacity, and capacity utilization

Table III-5 and figure III-1 present U.S. producer's production, capacity, and capacity utilization. Melamine capacity increased by *** percent between 2021 and 2023, while production decreased by *** percent. Capacity utilization decreased by *** percentage points during 2021-23, from *** percent to *** percent. As mentioned previously, Cornerstone experienced two unplanned production outages and force majeures during 2021-22.

Cornerstone's practical production capacity is based on operating *** hours per week, *** weeks per year and adjusted for the actual duration of planned maintenance outages, which typically last three to four weeks.[4] Cornerstone reported that "***."[5] Cornerstone's production facility is highly capital intensive and designed to produce melamine most efficiently in continuous operation at or near full capacity 24 hours per day, seven days a week.[6]

Table III-5
Melamine: U.S. producer's practical capacity, production, and capacity utilization, by period

Capacity and production in 1,000 pounds; capacity utilization in percent

Item	2021	2022	2023
Capacity	***	***	***
Production	***	***	***
Capacity utilization	***	***	***

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

[4] Conference transcript, pp. 52-53 (Blaser).

[5] Cornerstone's U.S. producer questionnaire response, II-3c. Cornerstone reported installed capacity of *** pounds in each year. Cornerstone based its installed capacity on ***. Ibid., II-3a and II-3c.

[6] Conference transcript, pp. 31, 52-54 (Blaser).

Figure III-1
Melamine: U.S. producer's output, by period

* * * * * * *

Alternative products

Cornerstone does not produce alternative products using the same equipment, machinery, or employees as used to produce melamine. Cornerstone stated that the plant was "designed, built, and licensed specifically for the production of melamine" and "cannot be modified to produce any other product."[7]

[7] Conference transcript, p. 20 (Frank); and Cornerstone's U.S. producer questionnaire response, II-4b.

Constraints on capacity

Table III-6 presents Cornerstone's reported narratives regarding practical capacity constraints. Cornerstone cites routine maintenance, raw material and utility supply, such as ammonia, steam, and electricity, and demand as constraints on its production capacity.[8]

Table III-6
Melamine: U.S. producer's reported capacity constraints since January 1, 2021

Item	Narrative response
***	***
***	***

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

U.S. producer's U.S. shipments and exports

Table III-7 presents Cornerstone's U.S. shipments, export shipments, and total shipments. Consistent with production trends discussed above, Cornerstone's U.S. shipments declined in each year during 2021-23 and decreased overall by *** percent. Cornerstone's average unit values per pound increased by *** percent during 2021-22 then decreased by *** percent during 2022-23 to a level slightly higher than in 2021, for an overall increase of *** percent between 2021 and 2023.

[8] Conference transcript, p. 62 (Sokol).

U.S. shipments accounted for the majority of total shipments (approximately *** in each year). Export shipments decreased by *** percent between 2021 and 2023. As mentioned previously, Cornerstone diverted some of its export shipments during 2021-22 to supply its customers during force majeure events. Cornerstone's principal export markets include***.[9]

Table III-7
Melamine: U.S. producer's shipments, by destination and period

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per 1,000 pounds; shares in percent

Item	Measure	2021	2022	2023
U.S. shipments	Quantity	***	***	***
Export shipments	Quantity	***	***	***
Total shipments	Quantity	***	***	***
U.S. shipments	Value	***	***	***
Export shipments	Value	***	***	***
Total shipments	Value	***	***	***
U.S. shipments	Unit value	***	***	***
Export shipments	Unit value	***	***	***
Total shipments	Unit value	***	***	***
U.S. shipments	Share of quantity	***	***	***
Export shipments	Share of quantity	***	***	***
Total shipments	Share of quantity	***	***	***
U.S. shipments	Share of value	***	***	***
Export shipments	Share of value	***	***	***
Total shipments	Share of value	***	***	***

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

[9] Cornerstone's U.S. producer questionnaire response, II-8. ***. Cornerstone's U.S. producer questionnaire response, II-11.

U.S. producer's inventories

Table III-8 presents U.S. producer's end-of-period inventories and the ratio of these inventories to U.S. producer's production, U.S. shipments, and total shipments**.** Cornerstone's ending inventories increased *** between 2021 and 2023. During the same period, the ratio of inventories to production increased by *** percentage points, while the ratio of inventories to U.S. shipments and total inventories increased by *** and *** percentage points, respectively.

Table III-8
Melamine: U.S. producer's inventories and their ratio to select items, by period

Quantity in 1,000 pounds; ratio in percent

Item	2021	2022	2023
End-of-period inventory quantity	***	***	***
Inventory ratio to U.S. production	***	***	***
Inventory ratio to U.S. shipments	***	***	***
Inventory ratio to total shipments	***	***	***

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

U.S. producer's imports and purchases from subject sources

Cornerstone did not import or purchase melamine from any source during 2021-23.

U.S. employment, wages, and productivity

Table III-9 shows U.S. producer's employment-related data. All employment-related indicators increased overall during 2021-23, with the exception of productivity. The number of production and related workers ("PRWs") increased by *** percent from 2021-22, then decreased by *** percent from 2022-23, increasing overall by *** percent during 2021-23. Total hours worked and wages paid similarly fluctuated during 2021-23, for an overall increase of *** percent and *** percent, respectively. Hours worked per PRW and hourly wages increased overall by *** percent and *** percent, respectively, between 2021 and 2023, increasing in each year of the period. Productivity decreased between 2021 and 2023, by *** percent, while unit labor costs increased by *** percent during the same period.

Cornerstone reported that ***. Thus, ***.[10]

Table III-9
Melamine: U.S. producer's employment related information, by period

Item	2021	2022	2023
Production and related workers (PRWs) (number)	***	***	***
Total hours worked (1,000 hours)	***	***	***
Hours worked per PRW (hours)	***	***	***
Wages paid ($1,000)	***	***	***
Hourly wages (dollars per hour)	***	***	***
Productivity (pounds per hour)	***	***	***
Unit labor costs (dollars per pound)	***	***	***

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

[10] Cornerstone's U.S. producer questionnaire response, II-10.

Part IV: U.S. imports, apparent U.S. consumption, and market shares

U.S. importers

The Commission issued importer questionnaires to 15 firms believed to be importers of melamine, as well as to the sole U.S. producer of melamine.[1] Usable questionnaire responses were received from 13 companies, representing the following shares of total U.S. imports in 2023 under HTS subheading 2933.61.00:[2]

- Germany: *** percent
- India: *** percent
- Japan: *** percent
- the Netherlands: *** percent
- Qatar: *** percent[3]
- Trinidad and Tobago: *** percent
- All other sources: *** percent[4]
- Subject sources: *** percent
- All import sources: *** percent

Table IV-1 lists all responding U.S. importers of melamine from Germany, India, Japan, the Netherlands, Qatar, Trinidad and Tobago, and other sources, their locations, and their shares of U.S. imports, in 2023.

[1] The Commission issued questionnaires to those firms identified in the petitions; staff research; and proprietary, Census-edited Customs import records. The Commission also received an importer questionnaire response from ***. This firm confirmed that it was not the importer of record and is thus not included in the importer dataset. Staff correspondence with ***, March 4, 2024. Two additional firms certified that they did not import melamine from any source since January 1, 2024 (***).

[2] Petitioner is not aware of out-of-scope merchandise entering under HTS subheading 2933.61.00 nor of melamine entering under other HTS subheadings. Petitioner's postconference brief, exh. 1, p. 18; and conference transcript, pp. 49-50 (McLain and Driscoll). Respondents Gujarat and Methanol Holdings also confirm that their product from India and Trinidad and Tobago, respectively, enters under HTS subheading 2933.61.00. U.S. importer S.A.F.E. also confirms that official Commerce statistics are an accurate measure. Gujarat's postconference brief, attachment A, p. 9; S.A.F.E.'s postconference brief, response to staff questions, p. 2; and conference transcript, pp. 129-130 (Emerson and Chandan).

[3] ***. Staff correspondence with ***, March 8, 2024.

[4] Import coverage for nonsubject sources is understated due to ***. In addition, ***, the only responding importer of nonsubject imports reported imports in 2021 and 2022, but not 2023.

Table IV-1
Melamine: U.S. importers, their headquarters, and share of imports by source, 2023

Share in percent

Firm	Headquarters	Germany	India	Japan	Nether-lands	Qatar	Trinidad and Tobago
Dura	Oakland, CA	***	****	***	***	***	***
EuroChem	Tulsa, OK	***	****	***	***	***	***
Gromax	Irvine, CA	***	****	***	***	***	***
Helm	Houston, TX	***	****	***	***	***	***
Kronochem	Eastaboga, AL	***	****	***	***	***	***
LAT	Lutherstadt-Wittenberg, Germany	***	****	***	***	***	***
OCI	Wilmington, DE	***	****	***	***	***	***
S.A.F.E.	Dayton, TX	***	****	***	***	***	***
Sumitomo	New York, NY	***	****	***	***	***	***
TR International	Edmonds, WA	***	****	***	***	***	***
TRiiSO	Del Mar, CA	***	****	***	***	***	***
Waxian	Englewood, NJ	***	****	***	***	***	***
ZYP	Oak Ridge, TN	***	****	***	***	***	***
All firms	Various	***	****	***	***	***	***

Table continued.

Table IV-1 Continued
Melamine: U.S. importers, their headquarters, and share of imports within each source, 2023

Share in percent

Firm	Headquarters	Subject sources	Nonsubject sources	All import sources
Dura	Oakland, CA	***	***	***
EuroChem	Tulsa, OK	***	***	***
Gromax	Irvine, CA	***	***	***
Helm	Houston, TX	***	***	***
Kronochem	Eastaboga, AL	***	***	***
LAT	Lutherstadt-Wittenberg, Germany	***	***	***
OCI	Wilmington, DE	***	***	***
S.A.F.E.	Dayton, TX	***	***	***
Sumitomo	New York, NY	***	***	***
TR International	Edmonds, WA	***	***	***
TRiiSO	Del Mar, CA	***	***	***
Waxian	Englewood, NJ	***	***	***
ZYP	Oak Ridge, TN	***	***	***
All firms	Various	***	***	***

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

U.S. imports

Tables IV-2 and IV-3 and figure IV-1 present data for U.S. imports of melamine from Germany, India, Japan, the Netherlands, Qatar, Trinidad and Tobago, and all other sources. During 2021-23, subject imports increased by 62.1 percent from 2021-22 then decreased by 39.7 percent during 2022-23, decreasing overall by 2.3 percent. Similarly, imports from nonsubject sources increased by 13.7 percent during 2021-22 then decreased by 17.0 percent during 2022-23, decreasing overall by 5.6 percent.

Imports from Germany, the Netherlands, and Trinidad and Tobago increased from 2021-22 then decreased from 2022-23, while imports from India, Japan, and Qatar increased in each year. Trinidad and Tobago was the largest source of subject imports in 2021 and 2022, accounting for 47.4 percent and 42.9 percent of total U.S. imports, respectively. Trinidad and Tobago's share of total U.S. imports was 17.0 percent in 2023, decreasing by 30.4 percentage points between 2021 and 2023. Imports from Trinidad and Tobago increased by 45.6 percent during 2021-22 then decreased by 75.9 percent during 2022-23, decreasing overall by 64.9

percent between 2021 and 2023.[5] The Netherlands was the largest source of subject imports in 2023 and accounted for 27.3 to 28.7 percent of total U.S. imports in each year. Imports from the Netherlands increased by 53.2 percent during 2021-22 then decreased by 36.4 percent during 2022-23, decreasing overall by 2.6 percent. Leading nonsubject sources of imports include Russia and Switzerland.[6]

Average unit values ("AUVs") from subject and nonsubject sources peaked in 2022 and increased overall between 2021 and 2023, by 23.7 percent and 0.7 percent respectively. AUVs from each subject source increased overall during 2021-23 except for AUVs from Japan and Trinidad and Tobago, which decreased by 0.8 percent and 19.8 percent respectively.

Subject imports as a share of total imports increased slightly by 0.1 percentage points, from 97.9 percent in 2021 to 98.0 percent in 2023. Imports from each subject source as a share of total imports increased during 2021-23, with the exception of the Netherlands and Trinidad and Tobago, which decreased by 0.1 and 30.4 percentage points respectively. The ratio of subject imports to U.S. production increased by *** percentage points from 2021-22 then decreased by *** percentage points from 2022-23, increasing overall by *** percentage points during 2021-23. The ratio of subject imports to U.S. production was *** percent in 2023.

[5] Respondent Methanol Holdings, the sole producer and exporter of melamine from Trinidad and Tobago, attributes the increase in imports during 2021-22 to supply constraints and "unmet U.S. demand" resulting from Cornerstone's two force majeure events. It attributes the sharp decline in imports from 2022-23 as a response to affiliated U.S. importer Helm's request to reduce volumes to the United States in light of "excess inventory and slackening demand." A representative for Methanol Holdings at the staff conference further stated that the decline in imports from 2022-23 was due to declining U.S. prices that drove its decision to divert a greater share of its production to Europe in 2023.

According to Methanol Holdings, Methanol Holdings and its affiliates Helm U.S. and Helm AG (Germany) operate under a long-term global distribution strategy to divide its melamine production equally between the U.S. and European markets, but that it is able to respond to demand conditions such as those described above; this strategy has been in place since the firm began melamine production in 2010. Methanol Holdings' postconference brief, pp. 6-8, 34; and conference transcript, pp. 119-121 (Sukhu-Maharaj).

[6] ***, reported importing product from Russia. Although Turkey appears as the leading nonsubject source of imports in official Commerce statistics, ***. Staff correspondence with ***, March 8, 2024.

Table IV-2
Melamine: U.S. imports by source and period

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per 1,000 pounds

Source	Measure	2021	2022	2023
Germany	Quantity	9,162	14,219	10,653
India	Quantity	1,364	8,748	11,053
Japan	Quantity	908	1,018	1,474
Netherlands	Quantity	15,214	23,301	14,817
Qatar	Quantity	88	220	3,858
Trinidad and Tobago	Quantity	25,133	36,597	8,818
Subject sources	Quantity	51,869	84,103	50,675
Subject sources less Japan	Quantity	50,961	83,085	49,200
Subject sources less Trinidad and Tobago	Quantity	26,737	47,506	41,856
Nonsubject sources	Quantity	1,116	1,269	1,053
Nonsubject sources plus Japan	Quantity	2,024	2,287	2,528
All sources less Trinidad and Tobago	Quantity	27,853	48,775	42,909
All import sources	Quantity	52,985	85,372	51,728
Germany	Value	8,151	26,597	9,866
India	Value	1,143	11,068	11,941
Japan	Value	869	1,982	1,399
Netherlands	Value	12,032	39,644	18,493
Qatar	Value	60	369	4,456
Trinidad and Tobago	Value	20,755	61,725	5,842
Subject sources	Value	43,010	141,385	51,998
Subject sources less Japan	Value	42,141	139,403	50,599
Subject sources less Trinidad and Tobago	Value	22,256	79,659	46,155
Nonsubject sources	Value	1,303	2,145	1,239
Nonsubject sources plus Japan	Value	2,173	4,127	2,638
All sources less Trinidad and Tobago	Value	23,559	81,805	47,395
All import sources	Value	44,314	143,530	53,237

Table continued.

Table IV-2 Continued
Melamine: U.S. imports by source and period

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per 1,000 pounds

Source	Measure	2021	2022	2023
Germany	Unit value	0.89	1.87	0.93
India	Unit value	0.84	1.27	1.08
Japan	Unit value	0.96	1.95	0.95
Netherlands	Unit value	0.79	1.70	1.25
Qatar	Unit value	0.68	1.67	1.15
Trinidad and Tobago	Unit value	0.83	1.69	0.66
Subject sources	Unit value	0.83	1.68	1.03
Subject sources less Japan	Unit value	0.83	1.68	1.03
Subject sources less Trinidad and Tobago	Unit value	0.83	1.68	1.10
Nonsubject sources	Unit value	1.17	1.69	1.18
Nonsubject sources plus Japan	Unit value	1.07	1.80	1.04
All sources less Trinidad and Tobago	Unit value	0.85	1.68	1.10
All import sources	Unit value	0.84	1.68	1.03
Germany	Share of quantity	17.3	16.7	20.6
India	Share of quantity	2.6	10.2	21.4
Japan	Share of quantity	1.7	1.2	2.9
Netherlands	Share of quantity	28.7	27.3	28.6
Qatar	Share of quantity	0.2	0.3	7.5
Trinidad and Tobago	Share of quantity	47.4	42.9	17.0
Subject sources	Share of quantity	97.9	98.5	98.0
Subject sources less Japan	Share of quantity	96.2	97.3	95.1
Subject sources less Trinidad and Tobago	Share of quantity	50.5	55.6	80.9
Nonsubject sources	Share of quantity	2.1	1.5	2.0
Nonsubject sources plus Japan	Share of quantity	3.8	2.7	4.9
All sources less Trinidad and Tobago	Share of quantity	52.6	57.1	83.0
All import sources	Share of quantity	100.0	100.0	100.0

Table continued.

Table IV-2 Continued
Melamine: Share of U.S. imports by source and period

Share and ratio in percent

Source	Measure	2021	2022	2023
Germany	Share of value	18.4	18.5	18.5
India	Share of value	2.6	7.7	22.4
Japan	Share of value	2.0	1.4	2.6
Netherlands	Share of value	27.2	27.6	34.7
Qatar	Share of value	0.1	0.3	8.4
Trinidad and Tobago	Share of value	46.8	43.0	11.0
Subject sources	Share of value	97.1	98.5	97.7
Subject sources less Japan	Share of value	95.1	97.1	95.0
Subject sources less Trinidad and Tobago	Share of value	50.2	55.5	86.7
Nonsubject sources	Share of value	2.9	1.5	2.3
Nonsubject sources plus Japan	Share of value	4.9	2.9	5.0
All sources less Trinidad and Tobago	Share of value	53.2	57.0	89.0
All import sources	Share of value	100.0	100.0	100.0
Germany	Ratio	***	***	***
India	Ratio	***	***	***
Japan	Ratio	***	***	***
Netherlands	Ratio	***	***	***
Qatar	Ratio	***	***	***
Trinidad and Tobago	Ratio	***	***	***
Subject sources	Ratio	***	***	***
Subject sources less Japan	Ratio	***	***	***
Subject sources less Trinidad and Tobago	Ratio	***	***	***
Nonsubject sources	Ratio	***	***	***
Nonsubject sources plus Japan	Ratio	***	***	***
All sources less Trinidad and Tobago	Ratio	***	***	***
All import sources	Ratio	***	***	***

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using HTS statistical reporting number 2933.61.0000, accessed on March 8, 2024. Imports are based on the imports for consumption data series. Value data reflect landed duty-paid values.

Note: Share of quantity is the share of U.S. imports by quantity; share of value is the share of U.S. imports by value; ratio are U.S. imports to production.

Table IV-3
Melamine: Changes in import quantity, values, and unit values between comparison periods

Changes (Δ) in percent

Source	Measure	2021-23	2021-22	2022-23
Germany	%Δ Quantity	▲16.3	▲55.2	▼(25.1)
India	%Δ Quantity	▲710.1	▲541.2	▲26.3
Japan	%Δ Quantity	▲62.3	▲12.1	▲44.8
Netherlands	%Δ Quantity	▼(2.6)	▲53.2	▼(36.4)
Qatar	%Δ Quantity	▲4,275.0	▲150.0	▲1,650.0
Trinidad and Tobago	%Δ Quantity	▼(64.9)	▲45.6	▼(75.9)
Subject sources	%Δ Quantity	▼(2.3)	▲62.1	▼(39.7)
Subject sources less Japan	%Δ Quantity	▼(3.5)	▲63.0	▼(40.8)
Subject sources less Trinidad and Tobago	%Δ Quantity	▲56.5	▲77.7	▼(11.9)
Nonsubject sources	%Δ Quantity	▼(5.6)	▲13.7	▼(17.0)
Nonsubject sources plus Japan	%Δ Quantity	▲24.9	▲13.0	▲10.5
All sources less Trinidad and Tobago	%Δ Quantity	▲54.1	▲75.1	▼(12.0)
All import sources	%Δ Quantity	▼(2.4)	▲61.1	▼(39.4)
Germany	%Δ Value	▲21.0	▲226.3	▼(62.9)
India	%Δ Value	▲944.3	▲867.9	▲7.9
Japan	%Δ Value	▲61.0	▲128.0	▼(29.4)
Netherlands	%Δ Value	▲53.7	▲229.5	▼(53.4)
Qatar	%Δ Value	▲7,323.2	▲514.7	▲1,107.5
Trinidad and Tobago	%Δ Value	▼(71.8)	▲197.4	▼(90.5)
Subject sources	%Δ Value	▲20.9	▲228.7	▼(63.2)
Subject sources less Japan	%Δ Value	▲20.1	▲230.8	▼(63.7)
Subject sources less Trinidad and Tobago	%Δ Value	▲107.4	▲257.9	▼(42.1)
Nonsubject sources	%Δ Value	▼(4.9)	▲64.6	▼(42.2)
Nonsubject sources plus Japan	%Δ Value	▲21.4	▲90.0	▼(36.1)
All sources less Trinidad and Tobago	%Δ Value	▲101.2	▲247.2	▼(42.1)
All import sources	%Δ Value	▲20.1	▲223.9	▼(62.9)

Table continued.

Table IV-3 Continued
Melamine: Changes in import quantity, values, and unit values between comparison periods

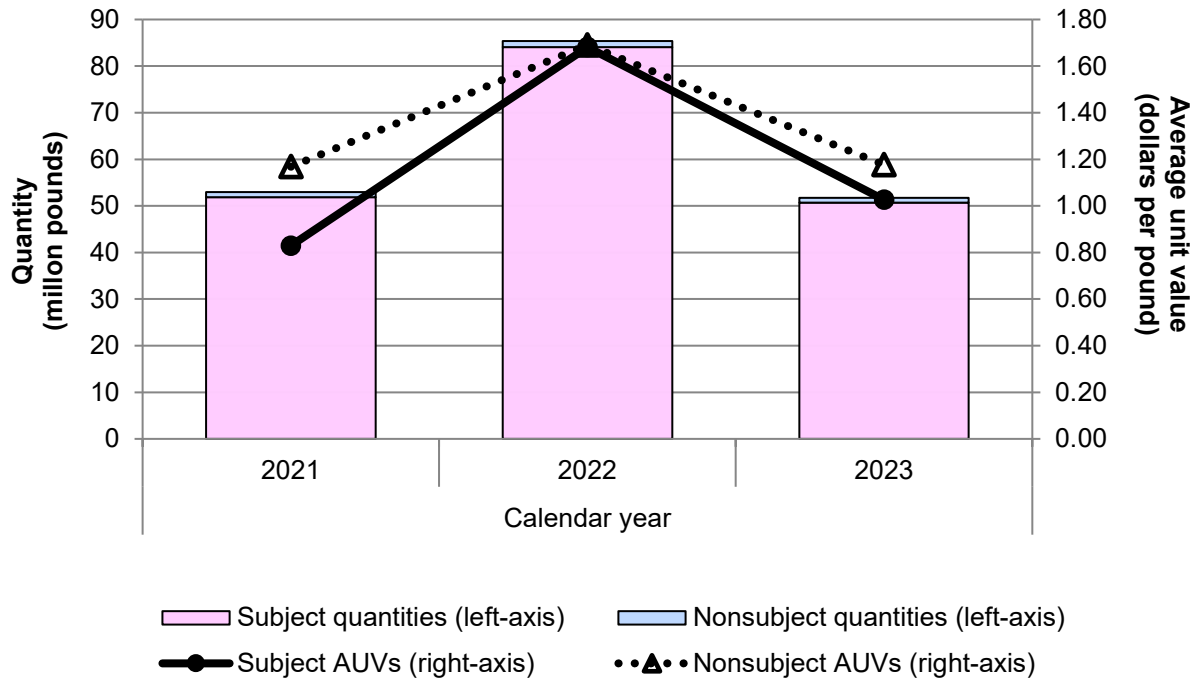
Changes (Δ) in percent

Source	Measure	2021-23	2021-22	2022-23
Germany	%Δ Unit value	▲4.1	▲110.3	▼(50.5)
India	%Δ Unit value	▲28.9	▲51.0	▼(14.6)
Japan	%Δ Unit value	▼(0.8)	▲103.4	▼(51.3)
Netherlands	%Δ Unit value	▲57.8	▲115.1	▼(26.6)
Qatar	%Δ Unit value	▲69.7	▲145.9	▼(31.0)
Trinidad and Tobago	%Δ Unit value	▼(19.8)	▲104.2	▼(60.7)
Subject sources	%Δ Unit value	▲23.7	▲102.7	▼(39.0)
Subject sources less Japan	%Δ Unit value	▲24.4	▲102.9	▼(38.7)
Subject sources less Trinidad and Tobago	%Δ Unit value	▲32.5	▲101.4	▼(34.2)
Nonsubject sources	%Δ Unit value	▲0.7	▲44.7	▼(30.4)
Nonsubject sources plus Japan	%Δ Unit value	▼(2.7)	▲68.1	▼(42.2)
All sources less Trinidad and Tobago	%Δ Unit value	▲30.6	▲98.3	▼(34.1)
All import sources	%Δ Unit value	▲23.1	▲101.0	▼(38.8)

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using HTS statistical reporting number 2933.61.0000, accessed on March 8, 2024. Imports are based on the imports for consumption data series. Value data reflect landed duty-paid values.

Note: Percent changes shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Figure IV-1
Melamine: U.S. import quantities and average unit values, by source and period



Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using HTS statistical reporting number 2933.61.0000, accessed on March 8, 2024. Imports are based on the imports for consumption data series. Value data reflect landed duty-paid values.

Firms were asked about the impact of the COVID-19 pandemic on their melamine operations. Six of 13 responding importers reported changes in their supply chain arrangements, importation, employment, and shipments relating to melamine; their responses are presented in table IV-4.

Table IV-4
Melamine: U.S. importers' reported impact of COVID-19 pandemic on operations

Firm	Narrative response
***	***
***	***
***	***
***	***
***	***
***	***

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

Negligibility

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.[7] Negligible imports are generally defined in the Act, 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

[7] 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)).

imports from such countries are deemed not to be negligible.[8] Table IV-5 presents the individual shares of total imports by source, during February 2023 to January 2024.

Table IV-5
Melamine: U.S. imports in the twelve-month period preceding the filing of the petition, February 2023 through January 2024

Quantity in 1,000 pounds; share in percent

Source of imports	Quantity	Share of quantity
Germany	11,876	23.0
India	8,481	16.4
Japan	1,517	2.9
Netherlands	15,699	30.4
Qatar	4,652	9.0
Trinidad and Tobago	8,378	16.2
All other sources	1,053	2.0
All import sources	51,656	100.0

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using HTS statistical reporting number 2933.61.0000, accessed on March 8, 2024. Imports are based on the imports for consumption data series.

Note: ***.

Table IV-6 and figure IV-2 present imports from Japan and all other sources in various twelve-month periods prior to petition filing, from January 2022 through January 2024.

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

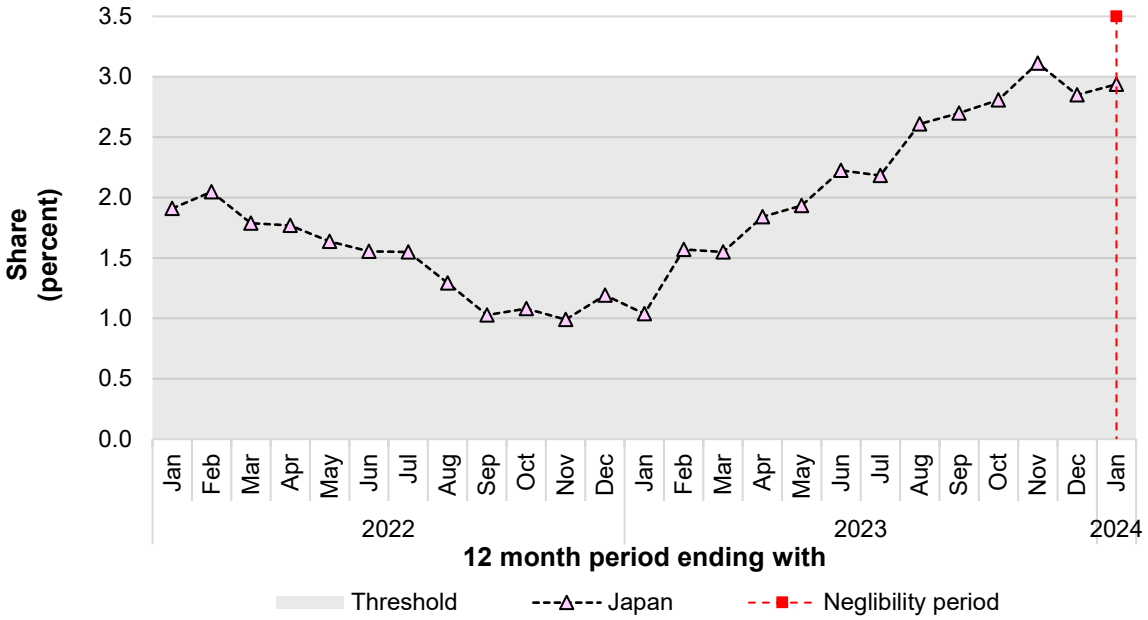
Table IV-6
Melamine: U.S. imports from Japan and all other sources in various twelve-month periods

Quantity in 1,000 pounds; share in percent

Twelve-month period up to and including	Japan quantity	Other than Japan quantity	All import sources quantity	Japan share	Other than Japan share	All import sources share
January 2022	1,038	53,299	54,338	1.9	98.1	100.0
February 2022	1,082	51,805	52,887	2.0	98.0	100.0
March 2022	994	54,590	55,584	1.8	98.2	100.0
April 2022	950	52,792	53,742	1.8	98.2	100.0
May 2022	950	57,086	58,037	1.6	98.4	100.0
June 2022	950	60,209	61,159	1.6	98.4	100.0
July 2022	1,032	65,610	66,642	1.5	98.5	100.0
August 2022	990	75,594	76,584	1.3	98.7	100.0
September 2022	853	82,077	82,931	1.0	99.0	100.0
October 2022	934	85,543	86,478	1.1	98.9	100.0
November 2022	850	85,081	85,932	1.0	99.0	100.0
December 2022	1,018	84,354	85,372	1.2	98.8	100.0
January 2023	884	84,114	84,998	1.0	99.0	100.0
February 2023	1,355	84,924	86,279	1.6	98.4	100.0
March 2023	1,271	80,806	82,077	1.5	98.5	100.0
April 2023	1,485	79,154	80,639	1.8	98.2	100.0
May 2023	1,485	75,261	76,746	1.9	98.1	100.0
June 2023	1,661	72,991	74,653	2.2	97.8	100.0
July 2023	1,580	70,769	72,348	2.2	97.8	100.0
August 2023	1,668	62,234	63,902	2.6	97.4	100.0
September 2023	1,586	57,211	58,797	2.7	97.3	100.0
October 2023	1,510	52,281	53,790	2.8	97.2	100.0
November 2023	1,642	51,109	52,751	3.1	96.9	100.0
December 2023	1,474	50,254	51,728	2.9	97.1	100.0
January 2024	1,517	50,139	51,656	2.9	97.1	100.0

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using HTS statistical reporting number 2933.61.0000, accessed on March 8, 2024. Imports are based on the imports for consumption data series.

Figure IV-2
Melamine: Share of U.S. imports from Japan out of total imports in various twelve-month periods



Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using HTS statistical reporting number 2933.61.0000, accessed on March 8, 2024. Imports are based on the imports for consumption data series.

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 regarding channels of distribution, market areas, and interchangeability appear in Part II. Additional information concerning fungibility, geographical markets, and simultaneous presence in the market is presented below.

Fungibility

Table IV-7 and figure IV-3 present U.S. producer's and U.S. importers' U.S. shipments by type of packaging. The majority of Cornerstone's U.S. shipments were of melamine in bags of 1,000 to 3,000 pounds followed by product unpackaged in bulk. The vast majority (*** percent) of U.S. importers' U.S. shipments from subject sources combined consisted of melamine in bags of 1,000 to 3,000 pounds. Specifically, U.S. importers' U.S. shipments of melamine from Germany, India, the Netherlands, and Trinidad and Tobago were predominantly or exclusively in bags of 1,000 to 3,000 pounds. The majority of U.S. importers' U.S. shipments of melamine from Japan were in bags of 50-60 pounds followed by product in bags of 1,000-3,000 pounds. The vast majority of U.S. importers' U.S. shipments of melamine from Qatar are unpackaged in bulk followed by product in bags of 1,000 to 3,000 pounds.

Table IV-7
Melamine: U.S. producer's and subject U.S. importers' U.S. shipments, by source and packaging, 2023

Quantity in 1,000 pounds; share in percent

Source	Unpackaged in bulk	Bags of 1,000 to 3,000 pounds	Bags of 50 to 60 pounds	All packaging
U.S. producer	***	***	***	***
Germany	***	***	***	***
India	***	***	***	***
Japan	***	***	***	***
Netherlands	***	***	***	***
Qatar	***	***	***	***
Trinidad and Tobago	***	***	***	***
Subject sources	***	***	***	***
Subject sources less Japan	***	***	***	***
Subject sources less Trinidad and Tobago	***	***	***	***
U.S. producer and all subject U.S. importers combined	***	***	***	***

Table continued.

Table IV-7 Continued
Melamine: U.S. producer's and subject U.S. importers' U.S. shipments, by source and packaging, 2023

Share of quantity across in percent

Source	Unpackaged in bulk	Bags of 1,000 to 3,000 pounds	Bags of 50 to 60 pounds	All packaging
U.S. producer	***	***	***	***
Germany	***	***	***	***
India	***	***	***	***
Japan	***	***	***	***
Netherlands	***	***	***	***
Qatar	***	***	***	***
Trinidad and Tobago	***	***	***	***
Subject sources	***	***	***	***
Subject sources less Japan	***	***	***	***
Subject sources less Trinidad and Tobago	***	***	***	***
U.S. producer and all subject U.S. importers combined	***	***	***	***

Table continued.

Table IV-7 Continued
Melamine: U.S. producer's and subject U.S. importers' U.S. shipments, by source and packaging, 2023

Share of quantity down in percent

Source	Unpackaged in bulk	Bags of 1,000 to 3,000 pounds	Bags of 50 to 60 pounds	All packaging
U.S. producer	***	***	***	***
Germany	***	***	***	***
India	***	***	***	***
Japan	***	***	***	***
Netherlands	***	***	***	***
Qatar	***	***	***	***
Trinidad and Tobago	***	***	***	***
Subject sources	***	***	***	***
Subject sources less Japan	***	***	***	***
Subject sources less Trinidad and Tobago	***	***	***	***
U.S. producer and all subject U.S. importers combined	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as “---“. Data are from reported pricing product data as presented in Part 5 of the report and therefore may not reflect 100% of U.S. shipments.

Figure IV-3
Melamine: U.S. producer's and subject U.S. importers' U.S. shipments, by source and packaging, 2023

* * * * * * *

Geographical markets

Melamine produced in the United States are shipped nationwide (see Part II for more information on geographic markets). Table IV-8 presents U.S. imports of melamine, by source and border of entry in 2023, based on official Commerce statistics. The vast majority of melamine from each subject country entered through Eastern borders of entry. Subject imports entered primarily through the following Customs districts, in descending order of quantity: (1) Charleston, South Carolina; (2) New York, New York; (3) Savannah, Georgia; and (4) Norfolk, Virginia.

Table IV-8
Melamine: U.S. imports by source and border of entry, 2023

Quantity in 1,000 pounds

Source	East	North	South	West	All borders
Germany	5,265	---	62	---	5,327
India	5,238	---	---	288	5,527
Japan	395	192	22	129	737
Netherlands	7,409	---	---	---	7,409
Qatar	1,929	---	---	---	1,929
Trinidad and Tobago	3,417	---	882	110	4,409
Subject sources	23,653	192	966	527	25,337
Subject sources less Japan	23,258	---	944	398	24,600
Subject sources less Trinidad and Tobago	20,236	192	84	417	20,928
Nonsubject sources	461	10	53	2	527
Nonsubject sources plus Japan	856	202	75	131	1,264
All sources less Trinidad and Tobago	20,697	202	137	419	21,455
All import sources	24,114	202	1,019	530	25,864

Table continued.

Table IV-8 Continued
Melamine: U.S. imports by source and border of entry, 2023

Share in percent

Source	East	North	South	West	All borders
Germany	98.8	---	1.2	---	100.0
India	94.8	---	---	5.2	100.0
Japan	53.5	26.0	3.0	17.5	100.0
Netherlands	100.0	---	---	---	100.0
Qatar	100.0	---	---	---	100.0
Trinidad and Tobago	77.5	---	20.0	2.5	100.0
Subject sources	93.4	0.8	3.8	2.1	100.0
Subject sources less Japan	94.5	---	3.8	1.6	100.0
Subject sources less Trinidad and Tobago	96.7	0.9	0.4	2.0	100.0
Nonsubject sources	87.6	1.9	10.0	0.4	100.0
Nonsubject sources plus Japan	67.7	16.0	5.9	10.4	100.0
All sources less Trinidad and Tobago	96.5	0.9	0.6	2.0	100.0
All import sources	93.2	0.8	3.9	2.0	100.0

Table continued.

Table IV-8 Continued
Melamine: U.S. imports by source and border of entry, 2023

Share in percent

Source	East	North	South	West	All borders
Germany	21.8	---	6.1	---	20.6
India	21.7	---	---	54.4	21.4
Japan	1.6	94.9	2.2	24.4	2.9
Netherlands	30.7	---	---	---	28.6
Qatar	8.0	---	---	---	7.5
Trinidad and Tobago	14.2	---	86.6	20.8	17.0
Subject sources	98.1	94.9	94.8	99.6	98.0
Subject sources less Japan	96.5	---	92.6	75.2	95.1
Subject sources less Trinidad and Tobago	83.9	94.9	8.2	78.8	80.9
Nonsubject sources	1.9	5.1	5.2	0.4	2.0
Nonsubject sources plus Japan	3.5	100.0	7.4	24.8	4.9
All sources less Trinidad and Tobago	85.8	100.0	13.4	79.2	83.0
All import sources	100.0	100.0	100.0	100.0	100.0

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 2933.61.0000, accessed March 8, 2024. Imports are based on the imports for consumption data series.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Presence in the market

Melamine produced in the United States was present in the market throughout the period for which data were collected. Table IV-9 and figures IV-4 and IV-5 present monthly data for U.S. imports of melamine from subject and nonsubject sources between January 2021 and December 2023. Imports of melamine from Germany were present in 35 of 36 months, while imports from India were present in 32 of 36 months. Imports from Japan were present in 25 of 36 months, while imports from the Netherlands were present in each month during this period. Imports from Qatar were present in 11 of 36 months, while imports from Trinidad and Tobago were present in 30 of 36 months.

Table IV-9
Melamine: Quantity of U.S. imports, by source and month

Quantity in 1,000 pounds

Year	Month	Germany	India	Japan	Netherlands	Qatar	Trinidad and Tobago
2021	January	419	44	88	1,720	---	1,323
2021	February	754	265	---	2,866	---	1,543
2021	March	1,301	265	172	794	88	2,205
2021	April	789	220	44	1,190	---	3,219
2021	May	1,299	---	---	1,146	---	1,323
2021	June	963	---	---	1,146	---	2,028
2021	July	545	---	44	1,301	---	970
2021	August	1,005	---	42	44	---	1,235
2021	September	1,417	265	262	595	---	3,131
2021	October	209	40	128	1,281	---	3,351
2021	November	126	176	128	1,631	---	2,161
2021	December	335	90	---	1,499	---	2,646
2022	January	2,046	395	218	661	---	1,587
2022	February	580	526	44	397	---	2,425
2022	March	2,305	659	84	1,499	---	2,866
2022	April	124	220	---	1,063	---	1,984
2022	May	1,299	485	---	2,844	44	3,307
2022	June	703	1,292	---	2,822	---	2,646
2022	July	1,089	709	126	2,426	88	3,527
2022	August	1,507	245	---	4,688	---	5,864
2022	September	2,513	1,467	126	3,307	---	4,850
2022	October	1,382	2,138	209	794	---	4,145
2022	November	419	126	44	1,411	88	1,587
2022	December	251	485	168	1,389	---	1,808

Table continued.

Table IV-9 Continued
Melamine: Quantity of U.S. imports, by source and month

Quantity in 1,000 pounds

Year	Month	Germany	India	Japan	Netherlands	Qatar	Trinidad and Tobago
2023	January	199	2,572	84	1,323	---	441
2023	February	---	1,190	515	1,720	970	220
2023	March	674	675	---	1,720	265	---
2023	April	503	900	214	132	441	---
2023	May	1,252	1,194	---	1,720	---	---
2023	June	1,119	216	176	1,543	551	1,764
2023	July	2,513	807	44	1,279	529	882
2023	August	503	604	88	617	---	1,984
2023	September	545	1,190	44	1,102	750	3,527
2023	October	1,131	380	132	1,455	353	---
2023	November	796	564	176	1,102	---	---
2023	December	1,420	760	---	1,105	---	---

Table continued.

Table IV-9 Continued
Melamine: Quantity of U.S. imports, by source and month

Quantity in 1,000 pounds

Year	Month	Subject sources	Subject sources less Japan	Subject sources less Trinidad and Tobago	Nonsubject sources	Nonsubject sources plus Japan	All sources less Trinidad and Tobago	All import sources
2021	January	3,594	3,505	2,271	47	135	2,318	3,641
2021	February	5,428	5,428	3,885	21	21	3,906	5,449
2021	March	4,824	4,652	2,619	20	191	2,639	4,843
2021	April	5,463	5,419	2,244	7	51	2,251	5,470
2021	May	3,768	3,768	2,445	---	---	2,445	3,768
2021	June	4,138	4,138	2,110	202	202	2,312	4,340
2021	July	2,859	2,815	1,889	37	82	1,927	2,897
2021	August	2,326	2,284	1,091	37	79	1,128	2,363
2021	September	5,670	5,408	2,539	246	509	2,786	5,917
2021	October	5,009	4,881	1,658	112	240	1,770	5,121
2021	November	4,222	4,094	2,061	3	131	2,064	4,225
2021	December	4,570	4,570	1,924	384	384	2,308	4,954
2022	January	4,908	4,690	3,321	85	303	3,406	4,993
2022	February	3,972	3,928	1,547	27	71	1,574	3,999
2022	March	7,413	7,329	4,547	127	211	4,674	7,540
2022	April	3,392	3,392	1,408	235	235	1,643	3,627
2022	May	7,979	7,979	4,672	84	84	4,755	8,062
2022	June	7,463	7,463	4,817	---	---	4,817	7,463
2022	July	7,965	7,839	4,437	415	540	4,852	8,379
2022	August	12,305	12,305	6,441	---	---	6,441	12,305
2022	September	12,263	12,138	7,413	---	126	7,413	12,263
2022	October	8,668	8,459	4,523	---	209	4,523	8,668
2022	November	3,675	3,631	2,088	4	48	2,091	3,679
2022	December	4,101	3,933	2,293	293	461	2,586	4,394

Table continued.

Table IV-9 Continued
Melamine: Quantity of U.S. imports, by source and month

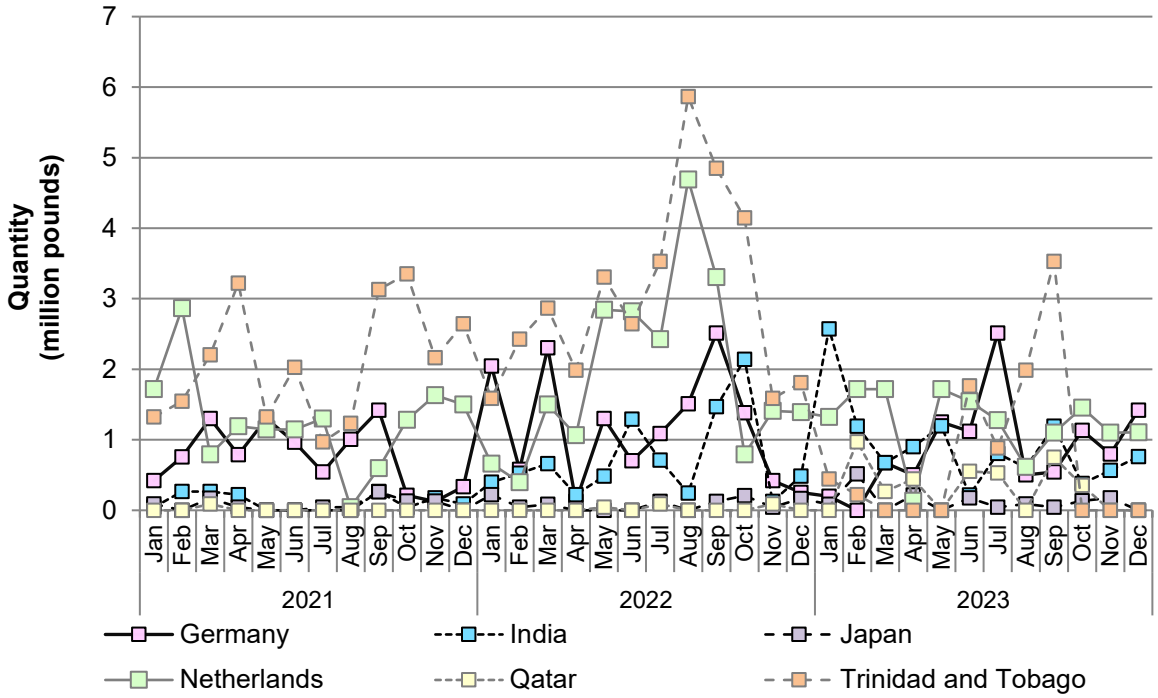
Quantity in 1,000 pounds

Year	Month	Subject sources	Subject sources less Japan	Subject sources less Trinidad and Tobago	Nonsubject sources	Nonsubject sources plus Japan	All sources less Trinidad and Tobago	All import sources
2023	January	4,619	4,535	4,178	---	84	4,178	4,619
2023	February	4,616	4,101	4,396	664	1,179	5,059	5,280
2023	March	3,333	3,333	3,333	5	5	3,338	3,338
2023	April	2,190	1,976	2,190	---	214	2,190	2,190
2023	May	4,166	4,166	4,166	4	4	4,170	4,170
2023	June	5,369	5,193	3,606	---	176	3,606	5,369
2023	July	6,054	6,010	5,173	20	65	5,193	6,075
2023	August	3,796	3,708	1,812	62	150	1,874	3,858
2023	September	7,158	7,114	3,631	0	44	3,631	7,159
2023	October	3,451	3,318	3,451	210	343	3,661	3,661
2023	November	2,639	2,463	2,639	---	176	2,639	2,639
2023	December	3,284	3,284	3,284	87	87	3,371	3,371

Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 2933.61.0000, accessed March 8, 2024. Imports are based on the imports for consumption data series.

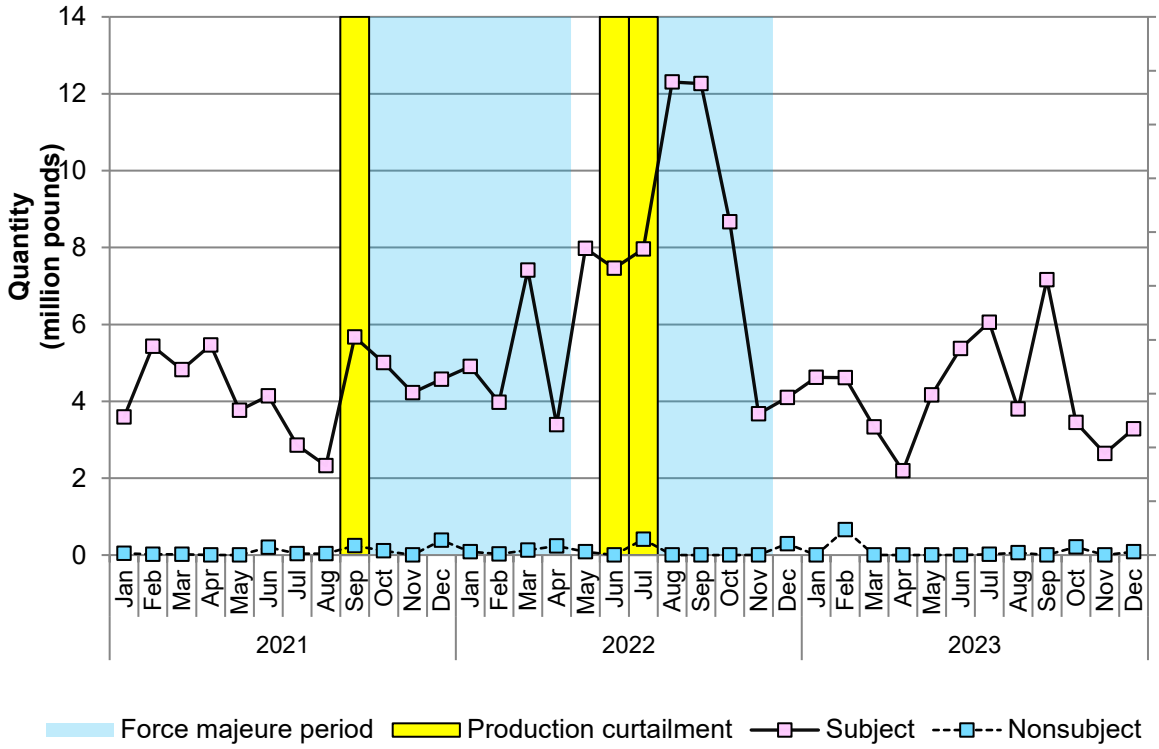
Note: Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Figure IV-4
Melamine: U.S. imports from individual subject sources, by month



Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 2933.61.0000, accessed March 8, 2024. Imports are based on the imports for consumption data series.

Figure IV-5
Melamine: U.S. imports from aggregated subject and nonsubject sources, by month



Source: Compiled from official U.S. import statistics of the U.S. Department of Commerce Census Bureau using statistical reporting number 2933.61.0000, accessed March 8, 2024. Imports are based on the imports for consumption data series.

Note: U.S. producer Cornerstone's first production curtailment and force majeure due to Hurricane Ida began August 28, 2021, lasted three weeks, and returned to normal production levels by September ***, 2021. The force majeure associated with Hurricane Ida was lifted April ***, 2022. U.S. producer Cornerstone's second closure due to a "premature failure of the salt coil reactor," a key piece of machinery in the production of melamine, began May ***, 2022, lasted *** weeks, and returned to normal production levels by July ***, 2022. The force majeure associated with the salt reactor coil failure was issued on June 2, 2022 and lifted November ***, 2022. During the production curtailments, Cornerstone indicates that it minimized the disruption to its U.S. customers by supplying customers out of inventory and diverted some volumes that were scheduled for export markets, and extending some delivery schedules. See Declaration of Michael Discroll, petitioner's postconference brief, exhibit 3; and conference transcript, pp. 64-66, 104 (Sokol, Driscoll, and Carroll).

Apparent U.S. consumption and market shares

Quantity

Table IV-10 and figure IV-6 present data on apparent U.S. consumption and U.S. market shares by quantity for melamine. The quantity of apparent U.S. consumption increased by 0.4 percent during 2021-22 then decreased by 18.9 percent during 2022-23, decreasing overall by 18.6 percent during 2021-23. Between 2021 and 2023, Cornerstone's market share decreased by *** percentage points, from *** percent to *** percent, while subject import market share increased by *** percentage points, from *** percent to *** percent.

Table IV-10
Melamine: Apparent U.S. consumption and market shares based on quantity, by source and period

Quantity in 1,000 pounds; share in percent

Source	Measure	2021	2022	2023
U.S. producers	Quantity	***	***	***
Germany	Quantity	***	***	***
India	Quantity	***	***	***
Japan	Quantity	***	***	***
Netherlands	Quantity	***	***	***
Qatar	Quantity	***	***	***
Trinidad and Tobago	Quantity	***	***	***
Subject sources	Quantity	***	***	***
Subject sources less Japan	Quantity	***	***	***
Subject sources less Trinidad and Tobago	Quantity	***	***	***
Nonsubject sources	Quantity	***	***	***
Nonsubject sources plus Japan	Quantity	***	***	***
All import sources less Trinidad and Tobago	Quantity	***	***	***
All import sources	Quantity	***	***	***
All sources	Quantity	142,139	142,655	115,665
U.S. producers	Share	***	***	***
Germany	Share	***	***	***
India	Share	***	***	***
Japan	Share	***	***	***
Netherlands	Share	***	***	***
Qatar	Share	***	***	***
Trinidad and Tobago	Share	***	***	***
Subject sources	Share	***	***	***
Subject sources less Japan	Share	***	***	***
Subject sources less Trinidad and Tobago	Share	***	***	***
Nonsubject sources	Share	***	***	***
Nonsubject sources plus Japan	Share	***	***	***
All import sources less Trinidad and Tobago	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0

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

Note: Apparent U.S. consumption is the sum of U.S. producer's and U.S. importers' U.S. shipments.

Figure IV-6
Melamine: Apparent U.S. consumption based on quantity, by source and period

* * * * * * *

Value

Table IV-11 and figure IV-7 present data on apparent U.S. consumption and U.S. market shares by value for melamine. The value of apparent U.S. consumption increased by 88.1 percent during 2021-22 then decreased by 52.2 percent during 2022-23, decreasing overall by 10.1 percent during 2021-23. Between 2021 and 2023, Cornerstone's market share by value decreased by *** percentage points, from *** percent to *** percent, while subject import market share increased by *** percentage points, from *** percent to *** percent.

Table IV-11
Melamine: Apparent U.S. consumption and market shares based on value, by source and period

Value in 1,000 dollars; shares in percent

Source	Measure	2021	2022	2023
U.S. producers	Value	***	***	***
Germany	Value	***	***	***
India	Value	***	***	***
Japan	Value	***	***	***
Netherlands	Value	***	***	***
Qatar	Value	***	***	***
Trinidad and Tobago	Value	***	***	***
Subject sources	Value	***	***	***
Subject sources less Japan	Value	***	***	***
Subject sources less Trinidad and Tobago	Value	***	***	***
Nonsubject sources	Value	***	***	***
Nonsubject sources plus Japan	Value	***	***	***
All import sources less Trinidad and Tobago	Value	***	***	***
All import sources	Value	***	***	***
All sources	Value	143,945	270,780	129,395
U.S. producers	Share	***	***	***
Germany	Share	***	***	***
India	Share	***	***	***
Japan	Share	***	***	***
Netherlands	Share	***	***	***
Qatar	Share	***	***	***
Trinidad and Tobago	Share	***	***	***
Subject sources	Share	***	***	***
Subject sources less Japan	Share	***	***	***
Subject sources less Trinidad and Tobago	Share	***	***	***
Nonsubject sources	Share	***	***	***
Nonsubject sources plus Japan	Share	***	***	***
All import sources less Trinidad and Tobago	Share	***	***	***
All import sources	Share	***	***	***
All sources	Share	100.0	100.0	100.0

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

Note: Apparent U.S. consumption is the sum of U.S. producer's and U.S. importers' U.S. shipments.

Figure IV-7
Melamine: Apparent U.S. consumption based on value, by source and period

* * * * * * *

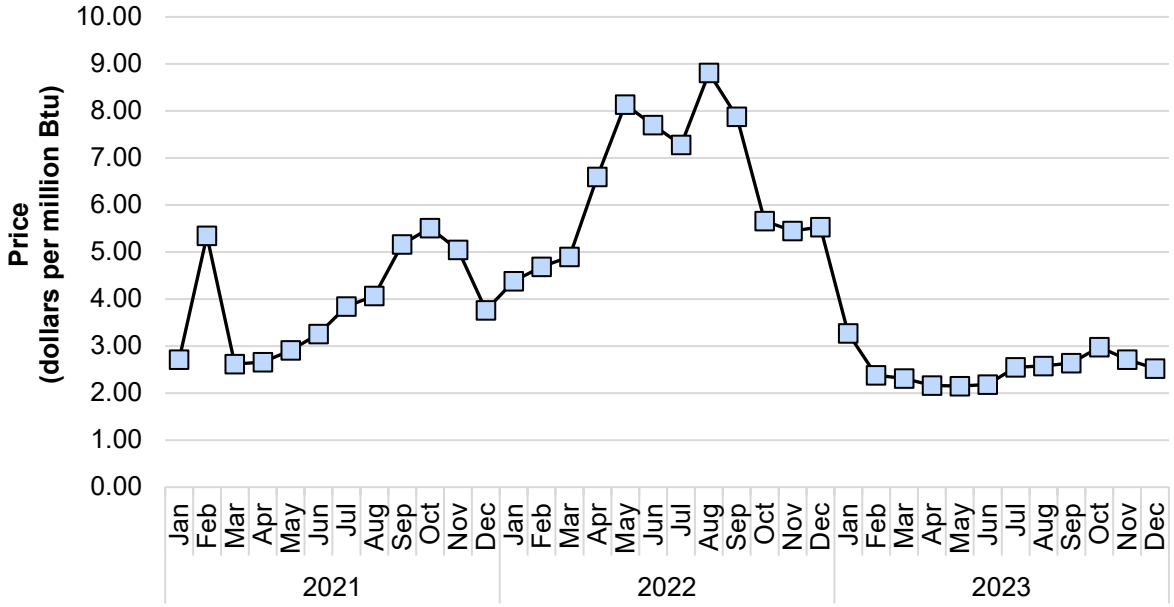
Part V: Pricing data

Factors affecting prices

Raw material costs

Melamine is produced using a low-pressure catalytic process or a high-pressure non-catalytic process that reacts urea and ammonia.[1] Additionally, natural gas is a major component to the production of melamine. Cornerstone makes the urea feedstock that goes into the production of melamine, and purchases ammonia and carbon dioxide from third parties.[2] Ammonia prices ***.[3] Figure V-1 and table V-1 shows that natural gas prices also increased significantly in 2022 but in 2023 declined to levels lower than in 2021. Raw materials accounted for *** percent of the cost of goods sold in 2023.

Figure V-1
Raw materials: Natural gas prices, January 2021-December 2023



Source: EIA, Henry Hub Natural Gas Spot Price, http://www.eia.gov/dnav/ng/hist/rngwhhdm.htm, accessed March 13, 2024.

[1] Petition, p. 10.
[2] Conference transcript, p. 19 (Frank).
[3] Respondent Wilsonart postconference brief, Exhibit 5.

Table V-1
Raw materials: Natural gas prices, January 2021-December 2023

Price in dollars per million btu

Year	Month	Price
2021	January	2.71
2021	February	5.35
2021	March	2.62
2021	April	2.66
2021	May	2.91
2021	June	3.26
2021	July	3.84
2021	August	4.07
2021	September	5.16
2021	October	5.51
2021	November	5.05
2021	December	3.76
2022	January	4.38
2022	February	4.69
2022	March	4.90
2022	April	6.60
2022	May	8.14
2022	June	7.70
2022	July	7.28
2022	August	8.81
2022	September	7.88
2022	October	5.66
2022	November	5.45
2022	December	5.53
2023	January	3.27
2023	February	2.38
2023	March	2.31
2023	April	2.16
2023	May	2.15
2023	June	2.18
2023	July	2.55
2023	August	2.58
2023	September	2.64
2023	October	2.98
2023	November	2.71
2023	December	2.52

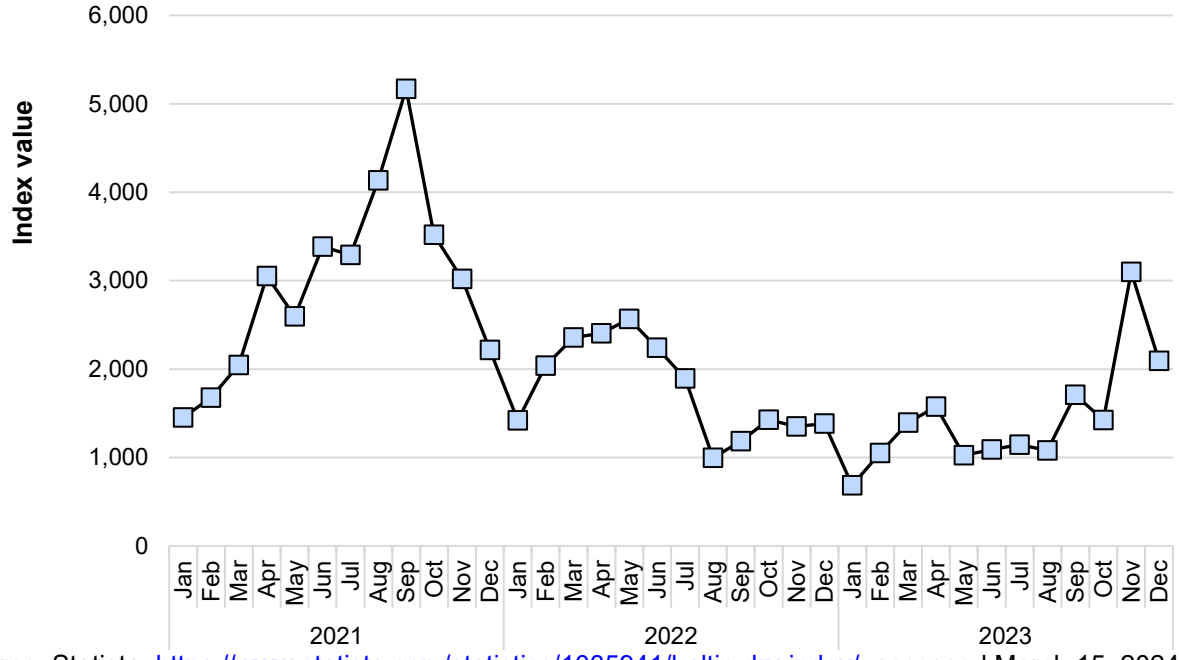
Source: EIA, Henry Hub Natural Gas Spot Price, http://www.eia.gov/dnav/ng/hist/rngwhhdm.htm, accessed March 13, 2024.

Transportation costs to the U.S. market

Transportation costs for melamine shipped from subject countries to the United States averaged 7.7 percent for Germany, 15.6 percent for India, 10.5 percent for Japan, 3.3 percent for Qatar, and 10.2 percent for Trinidad and Tobago during 2023. These estimates were derived from official import data and represent the transportation and other charges on imports.[4]

Parties noted the high costs of transportation, namely shipping containers, during 2021-23.[5] As shown in figure V-2 and table V-2, freight rates spiked through the third quarter of 2021 and declined sharply through the end of 2021, at which point these costs fluctuated and ended at a higher level than in January 2021.

Figure V-2
Shipping costs: Baltic dry index, monthly, January 2021-December 2023



Source: Statista, https://www.statista.com/statistics/1035941/baltic-dry-index/, accessed March 15, 2024.

[4] The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2023 and then dividing by the customs value based on the HTS statistical reporting number 2933.61.0000.

[5] Conference transcript, p. 56, 69 (Blaser, Driscoll).

Table V-2
Shipping costs: Baltic dry index, monthly, January 2021-December 2023

Date	Month	Index value
2021	January	1,452
2021	February	1,675
2021	March	2,046
2021	April	3,053
2021	May	2,596
2021	June	3,383
2021	July	3,292
2021	August	4,132
2021	September	5,167
2021	October	3,519
2021	November	3,018
2021	December	2,217
2022	January	1,418
2022	February	2,040
2022	March	2,358
2022	April	2,404
2022	May	2,566
2022	June	2,240
2022	July	1,895
2022	August	997
2022	September	1,184
2022	October	1,427
2022	November	1,351
2022	December	1,385
2023	January	685
2023	February	1,050
2023	March	1,395
2023	April	1,576
2023	May	1,025
2023	June	1,092
2023	July	1,143
2023	August	1,081
2023	September	1,710
2023	October	1,422
2023	November	3,097
2023	December	2,092

Source: Statista, https://www.statista.com/statistics/1035941/baltic-dry-index/, accessed March 15, 2024.

U.S. inland transportation costs

*** all 11 importers reported that they typically arrange transportation to their customers. The U.S. producer reported that its U.S. inland transportation costs *** while importers reported costs of 1 to 10 percent. Cornerstone noted that it has multiple U.S. locations from which it ships melamine.[6] Some foreign suppliers also have distribution warehouses in the United States whereas other foreign producers ship the product directly to their customers that are importers of record.[7]

Pricing practices

Pricing methods

U.S. producer Cornerstone reported setting prices ***. Most importers reported setting prices using transaction-by-transaction negotiations, although a few reported using contracts and price lists (table V-3).

Table V-3
Melamine: Count of U.S. producers' and importers' reported price setting methods

Count in number of firms reporting

Method	U.S. producers	U.S. importers
Transaction-by-transaction	***	9
Contract	***	3
Set price list	***	1
Other	***	0
Responding firms	1	11

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

Note: The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

Cornerstone reported selling the majority of its melamine through *** and importers reported selling the vast majority of their melamine through short-term contracts (table V-4).

[6] Conference transcript, p. 75 (Driscoll).
[7] Conference transcript, p. 95 (Driscoll).

Table V-4
Melamine: U.S. producers' and importers' shares of commercial U.S. shipments by type of sale, 2023

Share in percent

Item	U.S. producers	Subject U.S. importers
Long-term contracts	***	***
Annual contract	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100.0	100.0

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

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

Cornerstone reported that its short-term contracts ***, and are not indexed to raw materials, and are negotiated on a quarterly basis.[8] Importers also reported that their short-term contracts are negotiated on a quarterly basis. After negotiation, these contracts generally do not allow for price renegotiation, fix both price and quantity, and are not indexed to raw materials.

Cornerstone stated that while there may be long-term "umbrella" contracts, prices and volumes are still determined on a quarterly basis.[9] According to Petitioner, price information is transparent and readily available through business intelligence and from public trade data, since the tariff category is specific to melamine.[10]

Sales terms and discounts

Cornerstone typically quotes prices on *** basis and importers typically quote prices on a delivered basis. Cornerstone reported that it offers *** discounts. Seven importers reported no discount policy, three reported quantity discounts, two reported total volume discounts, and one reported early payment discounts.[11]

[8] Conference transcript, p. 26, 28 (Driscoll).
[9] Conference transcript, p. 26 (Driscoll).
[10] Conference transcript, pp. 26-27 (Driscoll).
[11] Some importers reported more than one category.

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 2021-December 2023.

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.

One U.S. producer and nine importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.[12] Pricing data reported by these firms accounted for 100.0 percent of U.S. producers' U.S. shipments of melamine and the following shares of U.S. shipments of subject imports in 2023: Germany–69.5 percent, India–90.7 percent, Japan 67.5–percent, Netherlands–91.2 percent, Qatar–56.1 percent, and Trinidad and Tobago–100.0 percent.[13] Price data for products 1-3 are presented in tables V-5 to V-7 and figures V-3 to V-5.[14]

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

[13] Pricing coverage is based on U.S. shipments reported in questionnaires.

[14] In explaining why its prices were higher than other importers, *** reported high transportation costs from Asia, the shutdown of Nissan Chemical's melamine plant in Japan, and that customers only use melamine made by the high-pressure method and couldn't switch to other suppliers easily so had to pay a much higher price. (Email from ***, March 4, 2024.

Table V-5
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by source and quarter

Price in dollars per pound, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	India price	India quantity	India margin
2021 Q1	***	***	***	***	***
2021 Q2	***	***	***	***	***
2021 Q3	***	***	***	***	***
2021 Q4	***	***	***	***	***
2022 Q1	***	***	***	***	***
2022 Q2	***	***	***	***	***
2022 Q3	***	***	***	***	***
2022 Q4	***	***	***	***	***
2023 Q1	***	***	***	***	***
2023 Q2	***	***	***	***	***
2023 Q3	***	***	***	***	***
2023 Q4	***	***	***	***	***

Period	Qatar price	Qatar quantity	Qatar margin	Subject price	Subject quantity	Subject margin
2021 Q1	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***
2022 Q3	***	***	***	***	***	***
2022 Q4	***	***	***	***	***	***
2023 Q1	***	***	***	***	***	***
2023 Q2	***	***	***	***	***	***
2023 Q3	***	***	***	***	***	***
2023 Q4	***	***	***	***	***	***

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

Note: Product 1: Unground melamine crystal unpackaged in bulk.

Table V-6
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by source and quarter

Price in dollars per pound, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	Germany price	Germany quantity	Germany margin	India price	India quantity	India margin
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***
2022 Q3	***	***	***	***	***	***	***	***
2022 Q4	***	***	***	***	***	***	***	***
2023 Q1	***	***	***	***	***	***	***	***
2023 Q2	***	***	***	***	***	***	***	***
2023 Q3	***	***	***	***	***	***	***	***
2023 Q4	***	***	***	***	***	***	***	***

Period	Japan price	Japan quantity	Japan margin	Netherlands price	Netherlands quantity	Netherlands margin
2021 Q1	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***
2022 Q3	***	***	***	***	***	***
2022 Q4	***	***	***	***	***	***
2023 Q1	***	***	***	***	***	***
2023 Q2	***	***	***	***	***	***
2023 Q3	***	***	***	***	***	***
2023 Q4	***	***	***	***	***	***

Table continued.

Table V-6 Continued
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by source and quarter

Price in dollars per pound, quantity in 1,000 pounds, margin in percent.

Period	Qatar price	Qatar quantity	Qatar margin	Trinidad & Tobago price	Trinidad & Tobago quantity	Trinidad & Tobago margin	Subject price	Subject quantity	Subject margin
2021 Q1	***	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***	***
2022 Q3	***	***	***	***	***	***	***	***	***
2022 Q4	***	***	***	***	***	***	***	***	***
2023 Q1	***	***	***	***	***	***	***	***	***
2023 Q2	***	***	***	***	***	***	***	***	***
2023 Q3	***	***	***	***	***	***	***	***	***
2023 Q4	***	***	***	***	***	***	***	***	***

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

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

Table V-7
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by source and quarter

Price in dollars per pound, quantity in 1,000 pounds, margin in percent.

Period	U.S. price	U.S. quantity	Japan price	Japan quantity	Japan margin	Netherlands price	Netherlands quantity	Netherlands margin
2021 Q1	***	***	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***	***	***
2022 Q3	***	***	***	***	***	***	***	***
2022 Q4	***	***	***	***	***	***	***	***
2023 Q1	***	***	***	***	***	***	***	***
2023 Q2	***	***	***	***	***	***	***	***
2023 Q3	***	***	***	***	***	***	***	***
2023 Q4	***	***	***	***	***	***	***	***

Period	Trinidad and Tobago price	Trinidad and Tobago quantity	Trinidad and Tobago margin	Subject price	Subject quantity	Subject margin
2021 Q1	***	***	***	***	***	***
2021 Q2	***	***	***	***	***	***
2021 Q3	***	***	***	***	***	***
2021 Q4	***	***	***	***	***	***
2022 Q1	***	***	***	***	***	***
2022 Q2	***	***	***	***	***	***
2022 Q3	***	***	***	***	***	***
2022 Q4	***	***	***	***	***	***
2023 Q1	***	***	***	***	***	***
2023 Q2	***	***	***	***	***	***
2023 Q3	***	***	***	***	***	***
2023 Q4	***	***	***	***	***	***

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

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

Figure V-3
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, by source and quarter

* * * * * * *

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

Note: Product 1: Unground melamine crystal unpackaged in bulk.

Figure V-4
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, by source and quarter

* * * * * * *

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

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

Figure V-5
Melamine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, by source and quarter

* * * * * * *

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

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

Price trends

In general, prices increased in 2021 and 2022 and decreased in 2023. Table V-8 summarizes the price trends, by country and by product. As shown in the table, domestic price for products 1 and 2 increased by *** percent and *** percent, respectively, during January 2021-December 2023 and domestic prices of product 3 decreased by *** percent. Import prices for product 2 from India, Japan, and Netherlands increased by *** to *** percent and import prices for product 2 from Germany and Trinidad and Tobago decreased by *** percent and *** percent, respectively. Indexed prices are shown in tables V-9 and V-10 and figures V-6 and V-7.

Table V-8
Melamine: Summary of price data, by product and source, January 2021-December 2023

Quantity in pounds, price in dollars per pound

Product	Source	Number of quarters	Quantity	Low price	High price	First quarter price	Last quarter price	Change over period
Product 1	United States	***	***	***	***	***	***	***
Product 1	Germany	***	***	***	***	***	***	***
Product 1	India	***	***	***	***	***	***	***
Product 1	Japan	***	***	***	***	***	***	***
Product 1	Netherlands	***	***	***	***	***	***	***
Product 1	Qatar	***	***	***	***	***	***	***
Product 1	Trinidad and Tobago	***	***	***	***	***	***	***
Product 2	United States	***	***	***	***	***	***	***
Product 2	Germany	***	***	***	***	***	***	***
Product 2	India	***	***	***	***	***	***	***
Product 2	Japan	***	***	***	***	***	***	***
Product 2	Netherlands	***	***	***	***	***	***	***
Product 2	Qatar	***	***	***	***	***	***	***
Product 2	Trinidad and Tobago	***	***	***	***	***	***	***
Product 3	United States	***	***	***	***	***	***	***
Product 3	Germany	***	***	***	***	***	***	***
Product 3	India	***	***	***	***	***	***	***
Product 3	Japan	***	***	***	***	***	***	***
Product 3	Netherlands	***	***	***	***	***	***	***
Product 3	Qatar	***	***	***	***	***	***	***
Product 3	Trinidad and Tobago	***	***	***	***	***	***	***

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

Note: Percent change column is percentage change from the first quarter 2021 to the last quarter in 2023.

Table V-9
Melamine: Indexed U.S. producer prices, by quarter

Indexed price in percent

Period	Product 1	Product 2	Product 3
2021 Q1	***	***	***
2021 Q2	***	***	***
2021 Q3	***	***	***
2021 Q4	***	***	***
2022 Q1	***	***	***
2022 Q2	***	***	***
2022 Q3	***	***	***
2022 Q4	***	***	***
2023 Q1	***	***	***
2023 Q2	***	***	***
2023 Q3	***	***	***
2023 Q4	***	***	***

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

Figure V-6
Melamine: Indexed U.S. producer prices, by quarter

* * * * * * *

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

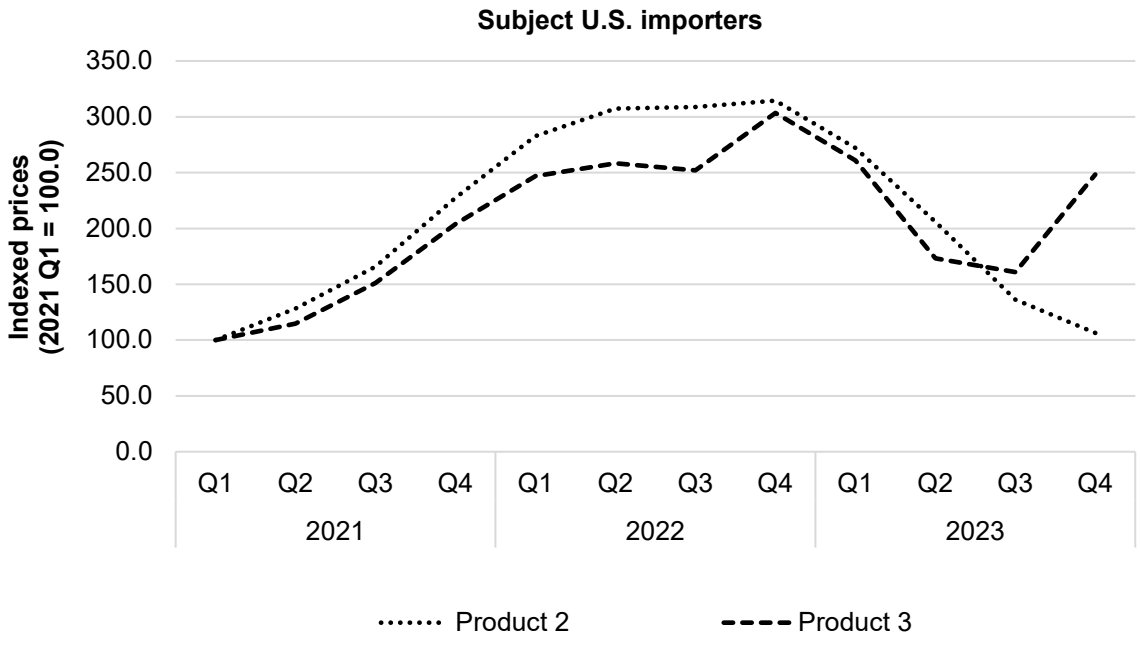
Table V-11
Melamine: Indexed importer prices, by quarter

Indexed price in percent

Period	Product 1	Product 2	Product 3
2021 Q1	---	100.0	100.0
2021 Q2	---	128.2	114.9
2021 Q3	---	165.7	151.0
2021 Q4	---	227.3	204.0
2022 Q1	---	282.8	247.0
2022 Q2	---	307.4	258.3
2022 Q3	---	308.8	252.1
2022 Q4	---	314.5	303.5
2023 Q1	---	272.0	261.0
2023 Q2	---	205.9	173.3
2023 Q3	---	136.2	160.9
2023 Q4	---	106.4	248.2

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

Figure V-7
Melamine: Indexed U.S. producer prices, by quarter



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

Price comparisons

As shown in tables V-10 through V-12, prices for product imported from subject countries were below those for U.S.-produced product in 53 of 97 instances (131.7 million pounds); margins of underselling ranged from less than 0.1 percent to 30.9 percent. In the remaining 44 instances (37 million pounds), prices for product from subject countries were between 2.0 and 259.7 percent above prices for the domestic product. As shown in table V-12, approximately two-thirds of comparisons during 2021 and 2022 show underselling, and in 2023, approximately two-thirds of comparisons show overselling.

Table V-10
Melamine: Instances of underselling and overselling and the range and average of margins, by source

Quantity in 1,000 pounds; margin in percent

Source	Type	Number of quarters	Quantity	Average margin	Mln margin	Max margin
Germany	Underselling	9	***	***	***	***
India	Underselling	8	***	***	***	***
Japan	Underselling	5	***	***	***	***
Netherlands	Underselling	7	***	***	***	***
Qatar	Underselling	2	***	***	***	***
Trinidad and Tobago	Underselling	22	***	***	***	***
All subject sources	Underselling	53	131,699	12.1	0.0	30.9
Subject sources less Japan	Underselling	48	***	***	***	***
Germany	Overselling	3	***	***	***	***
India	Overselling	7	***	***	***	***
Japan	Overselling	12	***	***	***	***
Netherlands	Overselling	17	***	***	***	***
Qatar	Overselling	4	***	***	***	***
Trinidad and Tobago	Overselling	1	***	***	***	***
All subject sources	Overselling	44	37,056	(34.9)	(2.0)	(259.7)
Subject sources less Japan	Overselling	32	***	***	***	***

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Table V-11
Melamine: Instances of underselling and overselling and the range and average of margins, by product

Quantity in 1,000 pounds; margin in percent

Source	Product	Type	Number of quarters	Quantity	Average margin	Mln margin	Max margin
Subject sources	Product 1	Underselling	2	***	***	***	***
Subject sources	Product 2	Underselling	38	***	***	***	***
Subject sources	Product 3	Underselling	13	***	***	***	***
Subject sources	All products	Underselling	53	131,699	12.1	0.0	30.9
Subject sources	Product 1	Overselling	4	***	***	***	***
Subject sources	Product 2	Overselling	24	***	***	***	***
Subject sources	Product 3	Overselling	16	***	***	***	***
Subject sources	All products	Overselling	44	37,056	(34.9)	(2.0)	(259.7)
Trinidad and Tobago	Product 1	Underselling	---	***	***	***	***
Trinidad and Tobago	Product 2	Underselling	11	***	***	***	***
Trinidad and Tobago	Product 3	Underselling	11	***	***	***	***
Trinidad and Tobago	All products	Underselling	22	***	***	***	***
Trinidad and Tobago	Product 1	Overselling	---	***	***	***	***
Trinidad and Tobago	Product 2	Overselling	1	***	***	***	***
Trinidad and Tobago	Product 3	Overselling	---	***	***	***	***
Trinidad and Tobago	All products	Overselling	1	***	***	***	***
Subject sources less Japan	Product 1	Underselling	2	***	***	***	***
Subject sources less Japan	Product 2	Underselling	35	***	***	***	***
Subject sources less Japan	Product 3	Underselling	11	***	***	***	***
Subject sources less Japan	All products	Underselling	48	***	***	***	***
Subject sources less Japan	Product 1	Overselling	4	***	***	***	***
Subject sources less Japan	Product 2	Overselling	16	***	***	***	***
Subject sources less Japan	Product 3	Overselling	12	***	***	***	***
Subject sources less Japan	All products	Overselling	32	***	***	***	***

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Table V-12
Melamine: Instances of underselling and overselling and the range and average of margins, by year

Quantity in 1,000 pounds; margin in percent

Source	Year	Type	Number of quarters	Quantity	Average margin	Min margin	Max margin
Subject sources	2021	Underselling	19	***	***	***	***
Subject sources	2022	Underselling	20	***	***	***	***
Subject sources	2023	Underselling	14	***	***	***	***
Subject sources	All years	Underselling	53	131,699	12.1	0.0	30.9
Subject sources	2021	Overselling	11	***	***	***	***
Subject sources	2022	Overselling	12	***	***	***	***
Subject sources	2023	Overselling	21	***	***	***	***
Subject sources	All years	Overselling	44	37,056	(34.9)	(2.0)	(259.7)
Trinidad and Tobago	2021	Underselling	8	***	***	***	***
Trinidad and Tobago	2022	Underselling	8	***	***	***	***
Trinidad and Tobago	2023	Underselling	6	***	***	***	***
Trinidad and Tobago	All years	Underselling	22	***	***	***	***
Trinidad and Tobago	2021	Overselling	---	***	***	***	***
Trinidad and Tobago	2022	Overselling	---	***	***	***	***
Trinidad and Tobago	2023	Overselling	1	***	***	***	***
Trinidad and Tobago	All years	Overselling	1	***	***	***	***
Subject sources less Japan	2021	Underselling	18	***	***	***	***
Subject sources less Japan	2022	Underselling	19	***	***	***	***
Subject sources less Japan	2023	Underselling	11	***	***	***	***
Subject sources less Japan	All years	Underselling	48	***	***	***	***
Subject sources less Japan	2021	Overselling	7	***	***	***	***
Subject sources less Japan	2022	Overselling	8	***	***	***	***
Subject sources less Japan	2023	Overselling	17	***	***	***	***
Subject sources less Japan	All years	Overselling	32	***	***	***	***

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

Note: These data include only quarters in which there is a comparison between the U.S. and subject product.

Lost sales and lost revenue

The Commission requested that U.S. producers of melamine report purchasers with which they experienced instances of lost sales or revenue due to competition from imports of melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago during January 2021-December 2023. U.S. producer Cornerstone reported that it had to reduce and

roll back announced price increases and submitted lost sales and lost revenue allegations identifying *** firms with which it lost sales and revenue (*** consisting of lost sales and *** consisting of both types of allegations).

Staff contacted five purchasers and received responses from all five purchasers. Responding purchasers reported purchasing *** pounds of melamine during January 2021-December 2023 (table V-13).

Four of five responding purchasers reported that, since 2021, they had purchased imported melamine from subject countries instead of U.S.-produced product (tables V-14 and V-15).[15] All four of those purchasers reported that subject import prices were lower than U.S.-produced product, although *** reported that in some instances import prices were higher than the U.S. producer's prices. None of these purchasers reported that price was a primary reason for the decision to purchase imported product rather than U.S.-produced product. Purchasers identified the domestic producers' unplanned outages, particularly in 2022, and maintaining a diverse supply chain as non-price reasons for purchasing imported rather than U.S.-produced product.

None of the five responding purchasers reported that U.S. producers had reduced prices in order to compete with lower-priced imports from subject countries, two reported that U.S. producers had not reduced price to compete with subject imports, and two reported that they did not know (table V-16).

[15] By individual subject countries, the number of purchasers that reported purchasing subject imports instead of domestic product were as follows: Netherlands and Trinidad and Tobago (4 firms each), Germany (3), India and Qatar (2 each), and Japan (1).

Table V-13
Melamine: Purchasers' reported purchases and imports, by firm and source

Quantity in 1,000 pounds, Change in shares in percentage points

Firm	Domestic quantity	Subject quantity	All other quantity	Change in domestic share	Change in subject share
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	***	***	***	***	***

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

Note: All other includes all other sources and unknown sources. Change is the percentage point change in the share of the firm's total purchases of domestic and/or subject country imports between first and last years.

Table V-14
Melamine: Purchasers' responses to purchasing subject imports instead of domestic product, by firm

Quantity in 1,000 pounds

Firm	Purchased subject imports instead of domestic	Imports priced lower	Choice based on price	Quantity	Narrative on reasons for purchasing imports
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
All firms	Yes--4; No--1	Yes--4; No--0	Yes--0; No--4	***	NA

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

Table V-15
Melamine: Purchasers' responses to purchasing subject imports instead of domestic product, by source

Quantity in 1,000 pounds

Source	Purchased subject imports instead of domestic	Imports priced lower	Choice based on price	Quantity
Germany	3	3	---	***
India	2	2	---	***
Japan	1	1	---	***
Netherlands	4	4	---	***
Qatar	2	2	---	***
Trinidad and Tobago	4	4	---	***
Subject sources	4	4	---	***

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

Table V-16
Melamine: Purchasers' responses to U.S. producer price reductions, by firm

Firm	Producers lowered prices	Price reduction	Narrative on producer price reductions
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
All firms	Yes--0; No--2	***	NA

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

In responding to the lost sales lost revenue survey, several purchasers provided additional information on purchases and market dynamics. *** reported, "It is important for the Commission to be keenly aware of historically high prices of melamine throughout 2022 and into 1H of 2023. Prices were easily 3X pre-pandemic prices and were caused by extreme supply constraints because of domestic producer outages and European producer costs related to high gas prices because of war in Ukraine. Price reductions in 2023 were because supply/demand was back to balanced and prices were returning to normal or appropriate levels." *** stated, "Cornerstone's inability to reliably supply Melamine to meet demand requirements forced Hexion to diversify its supply chain to address and mitigate supply chain risk." *** reported a decrease in domestic purchases in 2022 because of Cornerstone's production issues.

Part VI: Financial experience of U.S. producers

Background[1]

The petitioner, Cornerstone, is the only U.S. producer of melamine and provided usable financial results on its melamine operations. Cornerstone reported financial data on a calendar year and on the basis of GAAP. Commercial domestic and export sales accounted for the majority of Cornerstone's revenue accounting for *** percent of total revenue, respectively, in 2023, while transfers to related firms (all exports) accounted for the remaining *** percent of revenue in 2023.[2]

[1] The following abbreviations are used in the tables and/or text of this section: generally accepted accounting principles ("GAAP"), fiscal year ("FY"), net sales ("NS"), cost of goods sold ("COGS"), selling, general, and administrative expenses ("SG&A expenses"), average unit values ("AUVs"), research and development expenses ("R&D expenses"), and return on assets ("ROA").

[2] ***. Cornerstone's U.S. producer questionnaire response, section II-11, and response to Commission staff from Counsel to Cornerstone, March 4, 2024.

Operations on melamine

Table VI-1 presents aggregated data on Cornerstone's operations in relation to melamine, while table VI-2 presents corresponding changes in AUVs.

Table VI-1
Melamine: U.S. producer Cornerstone's results of operations, by item and period

Quantity in 1,000 pounds; value in 1,000 dollars; ratios in percent

Item	Measure	2021	2022	2023
Commercial: Domestic sales	Quantity	***	***	***
Commercial: Export sales	Quantity	***	***	***
Transfers: Export sales	Quantity	***	***	***
Total net sales	Quantity	***	***	***
Commercial: Domestic sales	Value	***	***	***
Commercial: Export sales	Value	***	***	***
Transfers: Export sales	Value	***	***	***
Total net sales	Value	***	***	***
COGS: Raw materials	Value	***	***	***
COGS: Direct labor	Value	***	***	***
COGS: Other factory	Value	***	***	***
COGS: Total	Value	***	***	***
Gross profit or (loss)	Value	***	***	***
SG&A expenses	Value	***	***	***
Operating income or (loss)	Value	***	***	***
Other expenses/(income), net	Value	***	***	***
Net income or (loss)	Value	***	***	***
Depreciation/amortization	Value	***	***	***
Cash flow	Value	***	***	***
COGS: Raw materials	Ratio to NS	***	***	***
COGS: Direct labor	Ratio to NS	***	***	***
COGS: Other factory	Ratio to NS	***	***	***
COGS: Total	Ratio to NS	***	***	***
Gross profit	Ratio to NS	***	***	***
SG&A expense	Ratio to NS	***	***	***
Operating income or (loss)	Ratio to NS	***	***	***
Net income or (loss)	Ratio to NS	***	***	***

Table continued.

Table VI-1 Continued
Melamine: U.S. producer Cornerstone's results of operations, by item and period

Shares in percent; unit values in dollars per pound; count in number of firms reporting

Item	Measure	2021	2022	2023
COGS: Raw materials	Share	***	***	***
COGS: Direct labor	Share	***	***	***
COGS: Other factory	Share	***	***	***
COGS: Total	Share	***	***	***
Commercial: Domestic sales	Unit value	***	***	***
Commercial: Export sales	Unit value	***	***	***
Transfers: Export sales	Unit value	***	***	***
Total net sales	Unit value	***	***	***
COGS: Raw materials	Unit value	***	***	***
COGS: Direct labor	Unit value	***	***	***
COGS: Other factory	Unit value	***	***	***
COGS: Total	Unit value	***	***	***
Gross profit or (loss)	Unit value	***	***	***
SG&A expenses	Unit value	***	***	***
Operating income or (loss)	Unit value	***	***	***
Other expenses/(income), net	Unit value	***	***	***
Net income or (loss)	Unit value	***	***	***
Operating losses	Count	***	***	***
Net losses	Count	***	***	***
Data	Count	***	***	***

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

Note: Shares represent the share of total COGS. Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Table VI-2
Melamine: Changes in AUVs between comparison periods

Changes in percent

Item	2021-23	2021-22	2022-23
Commercial: Domestic sales	▲***	▲***	▼***
Commercial: Export sales	▼***	▲***	▼***
Transfers: Export sales	▼***	▲***	▼***
Total net sales	▼***	▲***	▼***
COGS: Raw materials	▲***	▲***	▼***
COGS: Direct labor	▲***	▲***	▲***
COGS: Other factory	▲***	▲***	▲***
COGS: Total	▲***	▲***	▼***

Table continued.

Table VI-2 Continued
Melamine: Changes in AUVs between comparison periods

Changes in dollars per pound

Item	2021-23	2021-22	2022-23
Commercial: Domestic sales	▲***	▲***	▼***
Commercial: Export sales	▼***	▲***	▼***
Transfers: Export sales	▼***	▲***	▼***
Total net sales	▼***	▲***	▼***
COGS: Raw materials	▲***	▲***	▼***
COGS: Direct labor	▲***	▲***	▲***
COGS: Other factory	▲***	▲***	▲***
COGS: Total	▲***	▲***	▼***
Gross profit or (loss)	▼***	▲***	▼***
SG&A expense	▲***	▲***	▲***
Operating income or (loss)	▼***	▲***	▼***
Other expense /(income), net	▲***	▲***	▲***
Net income or (loss)	▼***	▲***	▼***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

Net sales

Total net sales quantity includes commercial domestic and export sales, and transfers to related firms accounting for *** percent of total net sales quantity, respectively, in 2023. Total net sales quantity decreased by *** percent from 2021 to 2023. While sales value also decreased overall from 2021 to 2023 by *** percent, it increased by *** percent from 2021 to 2022 (despite a *** percent decrease in sales quantity that same period), then decreased by *** percent from 2022 to 2023. On an average per pound basis, total net sales value increased from $*** in 2021 to $*** in 2022, then decreased to $*** in 2023.[3] [4]

Cost of goods sold and gross profit or loss

Raw material costs, direct labor, and other factory costs accounted for *** percent of total COGS, respectively, in 2023.

Raw material costs, the second largest component of COGS in 2021 and 2023, and the largest component in 2022, increased by *** percent from 2021 to 2022, then decreased by *** percent from 2022 to 2023, and decreased overall by *** percent from 2021 to 2023. On an average per pound basis, raw material costs increased from $*** in 2021 to $*** in 2022 then decreased to $*** in 2023.[5] As a ratio to net sales, raw material costs increased from *** percent in 2021 to *** percent in 2022 and *** percent in 2023.

[3] In response to Commission staff inquiry about ***. Response to Commission staff from Counsel to Cornerstone, March 4, 2024.

[4] ***. Response to Commission staff from Counsel to Cornerstone, March 4, 2024.

[5] Cornerstone stated that there was a substantial increase in the cost of ammonia which started in 2021 and peaked in the beginning of 2022 due to the Ukraine/Russia war. Ammonia prices increased from $250 a ton to almost $1,600 a ton over that period. Cornerstone also stated that utilities such as natural gas and electricity (provided through natural gas in Louisiana) also increased in 2022. The firm further explained that it does not have the ability to pass the increases to its customers. Conference transcript pp. 55-56 (Blaser)

Table VI-3 presents details on specific raw material inputs as a share of total raw material costs in 2023. Ammonia accounted for *** percent of total or raw materials while other material inputs (mainly steam) accounted for the remaining *** percent.[6]

Table VI-3
Melamine: U.S. producer Cornerstone's raw material costs in 2023

Value in 1,000 dollars; share of value in percent

Item	Value	Share of value
Ammonia	***	***
Other material inputs	***	***
All raw materials	***	***

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

Direct labor costs, the smallest component of COGS decreased by *** percent from 2021 to 2022, and *** percent from 2022 to 2023, and decreased overall by *** percent from 2021 to 2023. On an average per pound basis, direct labor costs increased from $*** in 2021 to $*** in 2022 and $*** in 2023. As a ratio to net sales, direct labor costs decreased from *** percent in 2021 to *** percent in 2022, then increased to *** percent in 2023.[7]

Other factory costs, the largest component of COGS in 2021 and 2023, decreased by *** percent from 2021 to 2022, then increased by *** percent from 2022 to 2023, and decreased overall by *** percent from 2021 to 2023. On an average per pound basis, other factory costs increased from $*** in 2021 to $*** in 2022 and $*** in 2023 (reflecting the decrease in sales quantity in 2022 and 2023). As a ratio to net sales, other factory costs decreased from *** percent in 2021 to *** percent in 2022, then increased to *** percent in 2023.[8] [9]

[6] ***. Purchases were reported in a manner consist with the company's accounting books and records. Response to Commission staff from Counsel to Cornerstone, March 4, 2024, and Cornerstone's U.S. producer questionnaire response, sections III-5, III-6, III-7a and III-7b.

[7] ***. Petitioner's postconference brief, p.29.

[8] Cornerstone explained that its fixed costs are principally made up of about 50.0 percent labor and 50 percent plant maintenance costs. Which are expense costs to keep the plant running 24/7. Conference transcript p.56 (Blaser)

[9] ***. Cornerstone's U.S. producer questionnaire response, sections III-10a and b.

Overall, total COGS increased by *** percent from 2021 to 2022, then decreased by *** percent from 2022 to 2023, and decreased overall by *** percent from 2021 to 2023. On an average per pound basis, total COGS increased from $*** in 2021 to $*** in 2022, then declined to $*** in 2023. As a ratio to net sales, total COGS decreased from *** percent in 2021 to *** percent in 2022, then increased to *** percent in 2023.[10]

As shown in table VI-1, gross profit increased from $*** in 2021 to $*** in 2022, then notably decreased to *** in 2023. As a ratio to net sales, gross profit followed the same trend and increased from *** percent in 2021 to *** percent in 2022, then decreased to *** percent in 2023.

SG&A expenses and operating income or loss

SG&A expenses notably increased from $*** in 2021 to $*** in 2023 (***).[11] [12] The corresponding SG&A expense ratio (total SG&A expenses divided by total sales value) decreased from *** percent in 2021 to *** percent in 2022, then increased to *** percent in 2023.

As shown in table VI-1, operating income increased from $*** in 2021 to $*** in 2022, then decreased to *** in 2023. As a ratio to net sales, operating income also increased from *** percent in 2021 to *** percent in 2022, then decreased to *** percent in 2023.

All other expenses and net income or loss

Classified below the operating income level are interest expense, other expenses, and other income. Interest expense, other expenses, and other income were combined and only the net amount is shown as “other expense/ (income) net”. As shown in table VI-1, the net amount

[10] The petitioner stated that melamine production is highly capital intensive with a higher fixed cost structure relative to raw materials and energy costs, which results in any reduction of production below full capacity utilization having a notable effect on per unit fixed costs and profitability. Conference transcript p.20 (Frank)

[11] Response to Commission staff from Counsel to Cornerstone, March 4, 2024.

[12] ***. Cornerstone’s U.S. producer questionnaire response, sections II-2a, and III-10a and b.

increased from $*** in 2021 to $*** in 2022, and $*** in 2023, largely reflecting the trends of interest expense, which accounted for the majority of the net amount of all other expenses and income in each period examined.[13] [14]

As shown in table VI-1, net income increased from $*** in 2021 to $*** in 2022, then decreased to *** in 2023. As a ratio to net sales, net income increased from *** percent in 2021 to *** percent in 2022, then decreased to *** percent in 2023.

Variance analysis

A variance analysis for the U.S. producer's operations related to melamine is presented in table VI-4.[15] The information for this variance analysis is derived from table VI-1. The data shows that operating income increased from 2021 to 2022 primarily because the favorable price variance on net sales (unit sales values increased) was greater than the unfavorable cost variance (unit COGS and unit SG&A expenses increased). From 2022 to 2023, however, operating income decreased primarily as a result of the unfavorable price variance that was greater than the favorable cost variance. Overall, operating income decreased from 2021 to 2023 as a result of both unfavorable price and cost variances.

[13] ***. Response to Commission staff from Counsel to Cornerstone, March 4, 2024.

[14] ***. Response to Commission staff from Counsel to Cornerstone, March 4, March 8 and March 18, 2024.

[15] 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 volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

Table VI-4
Melamine: Variance analysis for U.S. producer Cornerstone between comparison periods

Value in 1,000 dollars

Item	2021-23	2021-22	2022-23
Net sales price variance	***	***	***
Net sales volume variance	***	***	***
Net sales total variance	***	***	***
COGS cost variance	***	***	***
COGS volume variance	***	***	***
COGS total variance	***	***	***
Gross profit variance	***	***	***
SG&A cost variance	***	***	***
SG&A volume variance	***	***	***
SG&A total variance	***	***	***
Operating income price variance	***	***	***
Operating income cost variance	***	***	***
Operating income volume variance	***	***	***
Operating income total variance	***	***	***

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

Note: These data are derived from the data in table VI-1. Unfavorable variances (which are negative) are shown in parentheses, all others are favorable (positive).

Capital expenditures, R&D expenses, total net assets and ROA

Table VI-5 presents Cornerstone's capital expenditures, R&D expenses, net assets and operating ROA.[16] Table VI-6 presents Cornerstone's narrative explanations of the nature, focus, and significance of its capital expenditures, R&D expenses, and any significant changes in asset levels over time. Capital expenditures decreased by *** percent from 2021 to 2023, and R&D expenses ***, also decreased by *** percent. Total assets decreased overall from 2021 to 2023, and the operating ROA decreased irregularly from *** percent in 2021 to *** percent in 2023.[17]

[16] The operating ROA is calculated as operating income divided by total assets. With respect to a firm's overall operations, the total asset value reflects an aggregation of a number of assets which are generally not product specific. Thus, high-level allocations are generally required in order to report a total asset value on a product-specific basis.

[17] ***. Response to Commission staff from Counsel to Cornerstone, March 4, 2024.

Table VI-5
Melamine: U.S. producer Cornerstone's capital expenditures, R&D expenses, total net assets, and ROA, by item and period

Value in 1,000 dollars, ratio in percent

Item	Measure	2021	2022	2023
Capital expenditures	Value	***	***	***
R&D expenses	Value	***	***	***
Net assets	Value	***	***	***
ROA	Ratio	***	***	***

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

Table VI-6
Melamine: U.S. producer Cornerstone's narrative descriptions of their capital expenditures, R&D expenses, and net assets

Item	Narrative on item
Capital expenditures	***
R&D expenses	***
Net assets	***

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

Capital and investment

The Commission requested the U.S. producer of melamine to describe any actual or potential negative effects of imports of melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago on its growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Table VI-7 presents Cornerstone's reported actual and anticipated negative impact in each category, and table VI-8 provides Cornerstone's narrative responses.

Table VI-7
Melamine: U.S. producer Cornerstone's actual and anticipated negative effects of imports from subject sources on investment, growth, and development since January 1, 2021, by effect

Number of firms reporting

Effect	Category	Count
Negative effect from any subject country	Investment	***
Negative effect from Trinidad and Tobago	Investment	***
Cancellation, postponement, or rejection of expansion projects	Investment	***
Denial or rejection of investment proposal	Investment	***
Reduction in the size of capital investments	Investment	***
Return on specific investments negatively impacted	Investment	***
Other investment effects	Investment	***
Negative effect from any subject country	Growth	***
Negative effect from Trinidad and Tobago	Growth	***
Rejection of bank loans	Growth	***
Lowering of credit rating	Growth	***
Problem related to the issue of stocks or bonds	Growth	***
Ability to service debt	Growth	***
Other growth and development effects	Growth	***
Anticipated negative effects of imports from any subject country	Future	***
Anticipated negative effects from Trinidad and Tobago specifically	Future	***

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

Table VI-8
Melamine: U.S. producer Cornerstone's narratives relating to actual and anticipated negative effects of imports on investment, growth, and development, since January 1, 2021, by effect

Item	Firm name and narrative on impact of imports
Other negative effects on investments	***

Item	Firm name and narrative on impact of imports
Lowering of credit rating	***
Problem related to the issue of stocks or bonds	***
Ability to service debt	***

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

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.

[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."

Subject countries

The Commission issued foreign producers' or exporters' questionnaires to 15 firms believed to produce and/or export melamine from Germany, India, Japan, the Netherlands, Qatar, and Trinidad and Tobago.[3] Usable responses to the Commission's questionnaire were received from five firms in total: one firm in each subject country except for Japan.

These firms' exports to the United States accounted for the following shares of U.S. imports of melamine by source in 2023, based on official Commerce statistics, HTS subheading 2933.61.00:

- Germany, *** percent
- India, *** percent
- Japan, zero percent
- Netherlands, *** percent
- Qatar, *** percent
- Trinidad and Tobago, *** percent
- Total subject, *** percent

According to estimates requested of the responding subject producers, the production of melamine reported in questionnaire responses accounted for *** percent of overall production of melamine in Germany and *** percent of overall production of melamine in India, the Netherlands, Qatar, and Trinidad and Tobago in 2023.

Table VII-1 presents information on the melamine operations of the responding subject producers and exporters during 2023.

[3] These firms were identified through a review of information submitted in the petitions and staff research.

Table VII-1
Melamine: Summary data for subject producers, 2023

Quantity in 1,000 pounds; share in percent

Producer (subject country)	Production	Share of reported production	Exports to the United States	Share of reported exports to the United States	Total shipments	Share of firm's total shipments exported to the United States
Gujarat State Fertilizers (India)	***	***	***	***	***	***
LAT Nitrogen (Germany)	***	***	***	***	***	***
Methanol Holdings (Trinidad and Tobago)	***	***	***	***	***	***
OCI (Netherlands)	***	***	***	***	***	***
Qatar Melamine (Qatar)	***	***	***	***	***	***
All individual producers	***	***	***	***	***	***

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

Table VII-2 presents events in the subject countries' industries since January 1, 2021.

Table VII-2
Melamine: Important industry events in subject countries since January 1, 2021

Item	Country	Event
Creation of LAT Nitrogen	Germany	LAT Nitrogen was created in 2023 when AGROFERT acquired Borealis Fertilizer, Technical Nitrogen and Melamine business.
Closure of BASF's melamine production units	Germany	BASF announced that its melamine plant in Ludwigshafen, Germany, would be closed down during 2023-28. Petitioner reported that BASF produced melamine for captive consumption to produce its resins.
Nissan Chemical ceases melamine production	Japan	Nissan Chemical announced in August 2021 that it would end its melamine production in June 2022 and would instead buy melamine to make its melamine-containing downstream products.

Source: LAT Nitrogen, "Welcome to LAT Nitrogen," accessed March 15, 2024; BASF, "https://www.basf.com/global/en/investors/calendar-and-publications/factbook/segments/materials/monomers.html#accordion_v2-1494d9a1e1-item-5e88955122," accessed March 15, 2024; Petition, footnote 67; Nissan Chemical Corporation, "Restructuring of Chemicals Business by Terminating Production of Melamine," press release, August 10, 2021.

Changes in operations

Subject producers were asked to report any change in the character of their operations or organization relating to the production of melamine since January 1, 2021. All five responding subject producers indicated in their questionnaires that they had experienced such changes. Four of five responding firms reported prolonged shutdowns, two firms reported production curtailments, and one firm reported an acquisition. Tables VII-3 and VII-4 present the changes identified by these producers.

Table VII-3
Melamine: Count of reported changes in operations since January 1, 2021, by country

Item	Germany	India	Japan	Nether-lands	Qatar	Trinidad and Tobago	Subject sources
Plant openings	***	***	***	***	***	***	0
Plant closings	***	***	***	***	***	***	0
Prolonged shutdowns	***	***	***	***	***	***	4
Production curtailments	***	***	***	***	***	***	2
Relocations	***	***	***	***	***	***	0
Expansions	***	***	***	***	***	***	0
Acquisitions	***	***	***	***	***	***	1
Consolidations	***	***	***	***	***	***	0
Weather-related or force majeure events	***	***	***	***	***	***	0
Other	***	***	***	***	***	***	0
Any change	***	***	***	***	***	***	5

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

Table VII-4
Melamine: Reported changes in operations in subject industries since January 1, 2021, by firm

Item	Firm name (subject country) and narrative response
Prolonged shutdowns	***
Prolonged shutdowns	***
Prolonged shutdowns	***
Prolonged shutdowns	***
Production curtailments	***
Production curtailments	***
Acquisitions	***

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

Operations on melamine

Table VII-5 presents information on the melamine operations of the responding subject producers and exporters. Between 2021 and 2023, subject producers' combined practical capacity and production of melamine decreased by *** percent and *** percent respectively.[4] Capacity and production are projected to increase in 2024 and 2025 compared to 2023.

Subject producers' exports to the United States between 2021 and 2023 increased by *** percent from 2021-22 then decreased by *** percent from 2022-23, decreasing overall by *** percent. Subject producers' exports to the United States are projected to increase in 2024 and 2025 when compared to 2023. The leading exporter of melamine to the United States during 2021 and 2022 was ***, while the leading exporter in 2023 was ***. Subject producers' exports to the United States as a share of total shipments ranged from *** percent in 2021 and *** percent in 2022. The

[4] Subject producers' aggregate installed capacity was *** pounds in 2021, *** pounds in 2022, and *** in 2023. Subject producers' questionnaire responses, II-3a.

majority of subject producers' shipments consisted of exports to other markets, primarily to Europe and the Middle East.

Table VII-5
Melamine: Data on subject industries, by period

Quantity in 1,000 pounds; ratio and share in percent

Item	2021	2022	2023	Projected 2024	Projected 2025
Capacity	***	***	***	***	***
Production	***	***	***	***	***
End-of-period inventories	***	***	***	***	***
Internal consumption	***	***	***	***	***
Commercial home market shipments	***	***	***	***	***
Home market shipments	***	***	***	***	***
Exports to the United States	***	***	***	***	***
Exports to all other markets	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Capacity utilization ratio	***	***	***	***	***
Inventory ratio to production	***	***	***	***	***
Inventory ratio to total shipments	***	***	***	***	***
Internal consumption share	***	***	***	***	***
Commercial home market shipments share	***	***	***	***	***
Home market shipments share	***	***	***	***	***
Exports to the United States share	***	***	***	***	***
Exports to all other markets share	***	***	***	***	***
Export shipments share	***	***	***	***	***
Total shipments share	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Tables VII-6 presents information on the melamine operations of the responding producers/exporters by subject country. Capacity and production from each subject country, with the exception of Qatar, decreased overall between 2021 and 2023.[5] Capacity utilization from each subject country was high in each year, ranging from *** percent to *** percent, which is consistent with petitioner and respondents' statements that melamine production facilities are highly capital intensive and designed to produce melamine most efficiently in continuous operation at or near full capacity 24 hours per day, seven days a week. Petitioners and respondents agree that a "normal" capacity utilization rate for melamine production is around 90 percent.[6]

Table VII-6
Melamine: Subject producers' output, by source and period

Practical capacity

Capacity in 1,000 pounds

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

Table continued.

[5] Subject producers' reported practical capacity factors planned and unplanned maintenance as well as availability of raw materials. One subject producer (***) reported that its practical capacity and the reasons for year-on-year fluctuations take into account (1) interruptions of raw material supply from upstream plants such as ammonia, carbon dioxide, and urea; (2) unplanned downtime for technical reasons and delays in maintenance execution; and (3) production curtailments for economic reasons, ***. ***'s foreign producer questionnaire response, II-3c.

[6] Conference transcript, pp. 31, 52-53, 131-132 (Blaser, Sukhu-Maharaj, Dutra, Campbell, and Chandan).

Table VII-6 Continued
Melamine: Subject producers' output, by source and period

Production

Production in 1,000 pounds

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

Table continued.

Table VII-6 Continued
Melamine: Subject producers' output, by source and period

Capacity utilization

Capacity utilization in percent

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

Note: Capacity utilization ratio represents the ratio of the U.S. producer's production to its production capacity.

Table continued.

Table VII-6 Continued
Melamine: Subject producers' output, by source and period

Share of production

Share in percent

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

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

Table VII-7 presents information on subject producers' exports of melamine by subject country.

Table VII-7
Melamine: Subject producers' exports, by source and period

Exports to the United States

Exports to the United States in 1,000 pounds

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

Table continued.

Table VII-7 Continued
Melamine: Subject producers' exports, by source and period

Share of total shipments exported to the United States

Share in percent

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

Table continued.

Table VII-7 Continued
Melamine: Subject producers' exports, by source and period

Total exports

Total exports in 1,000 pounds

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

Table continued.

Table VII-7 Continued
Melamine: Subject producers' output, by source and period

Share of total shipments exported

Share in percent

Subject foreign industry	2021	2022	2023	Projected 2024	Projected 2025
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
All subject foreign industries	***	***	***	***	***

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

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Alternative products

Subject producers do not produce alternative products on the same equipment and machinery used to produce melamine and are unable to switch production to alternative products. Similar to the U.S. industry, melamine facilities are designed to produce melamine only.[7]

[7] Conference transcript, pp. 130-131 (Sukhu-Maharaj, Campbell, and Craven).

Constraints on capacity

Tables VII-8 and VII-9 present subject producers' reported capacity constraints since January 1, 2021. Subject producers generally reported raw material availability and planned and unplanned maintenance as capacity constraints.

Table VII-8
Melamine: Count of capacity constraints since January 1, 2021, by country

Item	Germany	India	Japan	Nether-lands	Qatar	Trinidad and Tobago	Subject sources
Production bottlenecks	***	***	***	***	***	***	0
Existing labor force	***	***	***	***	***	***	0
Supply of material inputs	***	***	***	***	***	***	2
Fuel or energy	***	***	***	***	***	***	0
Storage capacity	***	***	***	***	***	***	0
Logistics/transportation	***	***	***	***	***	***	0
Other constraints	***	***	***	***	***	***	4

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

Table VII-9
Melamine: Subject producers' reported capacity constraints since January 1, 2021

Item	Firm name (subject country) and narrative response
Supply of material inputs	***
Supply of material inputs	***
Other constraints	***
Other constraints	***
Other constraints	***
Other constraints	***

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

Exports

Table VII-10 presents Global Trade Atlas ("GTA") data for exports of melamine from subject countries to the United States and to all destination markets. According to GTA, the majority of exports of melamine from each subject country were to markets other than the United States during 2020-22.[8]

Table VII-10
Melamine: Global exports from subject countries, by exporting country, destination market, and period

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per pound; share in percent

Exporting country	Destination market	Measure	2020	2021	2022
Germany	United States	Quantity	12,475	10,480	11,803
India	United States	Quantity	441	2,152	9,237
Japan	United States	Quantity	2,593	1,005	1,017
Netherlands	United States	Quantity	16,823	15,214	23,301
Qatar	United States	Quantity	132	88	220
Trinidad and Tobago	United States	Quantity	19,224	25,133	36,597
Subject exporters	United States	Quantity	51,689	54,071	82,174
Germany	All destination markets	Quantity	198,090	188,123	116,165
India	All destination markets	Quantity	8,614	14,571	39,977
Japan	All destination markets	Quantity	60,880	58,334	38,410
Netherlands	All destination markets	Quantity	203,605	167,628	143,080
Qatar	All destination markets	Quantity	92,732	125,490	128,595
Trinidad and Tobago	All destination markets	Quantity	46,375	60,202	66,188
Subject exporters	All destination markets	Quantity	610,296	614,349	532,415
Germany	United States	Share	6.3	5.6	10.2
India	United States	Share	5.1	14.8	23.1
Japan	United States	Share	4.3	1.7	2.6
Netherlands	United States	Share	8.3	9.1	16.3
Qatar	United States	Share	0.1	0.1	0.2
Trinidad and Tobago	United States	Share	41.5	41.7	55.3
Subject exporters	United States	Share	8.5	8.8	15.4

Source: Official exports statistics for Germany, India, and Japan and official global imports statistics from Netherlands, Qatar and Trinidad and Tobago (constructed exports) under HS subheading 2933.61 as reported by various national statistical authorities in the Global Trade Atlas Suite database, accessed March 7, 2024.

Note: Shares represent the shares of quantity exported to the United States out of all destination markets. Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---".

Note: United States is shown at the top. All remaining top export destinations are shown in descending order of 2022 data.

[8] GTA data for 2023 are incomplete and are not presented in this report.

U.S. inventories of imported merchandise

Table VII-11 presents data on U.S. importers' reported inventories of melamine. U.S. importers' inventories from subject sources *** from 2021-22, then decreased by *** percent from 2022-23, decreasing overall by *** percent between 2021 and 2023. Trinidad and Tobago and the Netherlands accounted for the vast majority of reported inventories during 2021-23. The ratio of inventories to imports decreased by *** percentage points during 2021-23, increasing by *** percentage points during 2021-22 then decreasing by *** percentage points during 2022-23. Similarly, the ratio of inventories to U.S. shipments of imports decreased by *** percentage points during 2021-23, increasing by *** percentage points during 2021-22 then decreasing by *** percentage points during 2022-23. No U.S. importer reported inventories from nonsubject sources.

Table VII-11
Melamine: U.S. importers' inventories and their ratio to select items, by source and period

Quantity in 1,000 pounds; ratio in percent

Measure	Source	2021	2022	2023
Inventories quantity	Germany	***	***	***
Ratio to imports	Germany	***	***	***
Ratio to U.S. shipments of imports	Germany	***	***	***
Ratio to total shipments of imports	Germany	***	***	***
Inventories quantity	India	***	***	***
Ratio to imports	India	***	***	***
Ratio to U.S. shipments of imports	India	***	***	***
Ratio to total shipments of imports	India	***	***	***
Inventories quantity	Japan	***	***	***
Ratio to imports	Japan	***	***	***
Ratio to U.S. shipments of imports	Japan	***	***	***
Ratio to total shipments of imports	Japan	***	***	***
Inventories quantity	Netherlands	***	***	***
Ratio to imports	Netherlands	***	***	***
Ratio to U.S. shipments of imports	Netherlands	***	***	***
Ratio to total shipments of imports	Netherlands	***	***	***
Inventories quantity	Qatar	***	***	***
Ratio to imports	Qatar	***	***	***
Ratio to U.S. shipments of imports	Qatar	***	***	***
Ratio to total shipments of imports	Qatar	***	***	***
Inventories quantity	Trinidad and Tobago	***	***	***
Ratio to imports	Trinidad and Tobago	***	***	***
Ratio to U.S. shipments of imports	Trinidad and Tobago	***	***	***
Ratio to total shipments of imports	Trinidad and Tobago	***	***	***

Table continued.

Table VII-11 Continued
Melamine: U.S. importers' inventories and their ratio to select items, by source and period

Quantity in 1,000 pounds; ratio in percent

Measure	Source	2021	2022	2023
Inventories quantity	Subject	***	***	***
Ratio to imports	Subject	***	***	***
Ratio to U.S. shipments of imports	Subject	***	***	***
Ratio to total shipments of imports	Subject	***	***	***
Inventories quantity	Subject less Japan	***	***	***
Ratio to imports	Subject less Japan	***	***	***
Ratio to U.S. shipments of imports	Subject less Japan	***	***	***
Ratio to total shipments of imports	Subject less Japan	***	***	***
Inventories quantity	Subject sources less Trinidad and Tobago	***	***	***
Ratio to imports	Subject sources less Trinidad and Tobago	***	***	***
Ratio to U.S. shipments of imports	Subject sources less Trinidad and Tobago	***	***	***
Ratio to total shipments of imports	Subject sources less Trinidad and Tobago	***	***	***
Inventories quantity	Nonsubject	***	***	***
Ratio to imports	Nonsubject	***	***	***
Ratio to U.S. shipments of imports	Nonsubject	***	***	***
Ratio to total shipments of imports	Nonsubject	***	***	***
Inventories quantity	Nonsubject plus Japan	***	***	***
Ratio to imports	Nonsubject plus Japan	***	***	***
Ratio to U.S. shipments of imports	Nonsubject plus Japan	***	***	***
Ratio to total shipments of imports	Nonsubject plus Japan	***	***	***
Inventories quantity	All sources less Trinidad and Tobago	***	***	***
Ratio to imports	All sources less Trinidad and Tobago	***	***	***
Ratio to U.S. shipments of imports	All sources less Trinidad and Tobago	***	***	***
Ratio to total shipments of imports	All sources less Trinidad and Tobago	***	***	***
Inventories quantity	All import sources	***	***	***
Ratio to imports	All import sources	***	***	***
Ratio to U.S. shipments of imports	All import sources	***	***	***
Ratio to total shipments of imports	All import sources	***	***	***

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

U.S. importers' outstanding orders

The Commission requested importers to indicate whether they imported or arranged for the importation of melamine after December 31, 2023. Ten of 13 responding firms indicated that they had arranged such imports from subject sources. Their reported data is presented in table VII-12. No firm reported arranged imports from nonsubject sources.

Table VII-12
Melamine: U.S. importers' arranged imports, by source and period

Quantity in 1,000 pounds

Source	Jan-Mar 2024	Apr-Jun 2024	Jul-Sept 2024	Oct-Dec 2024	Total
Germany	***	***	***	***	***
India	***	***	***	***	***
Japan	***	***	***	***	***
Netherlands	***	***	***	***	***
Qatar	***	***	***	***	***
Trinidad and Tobago	***	***	***	***	***
Subject sources	***	***	***	***	***
Subject sources less Japan	***	***	***	***	***
Subject sources less Trinidad and Tobago	***	***	***	***	***
Nonsubject sources	***	***	***	***	***
Nonsubject sources plus Japan	***	***	***	***	***
All sources less Trinidad and Tobago	***	***	***	***	***
All import sources	***	***	***	***	***

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

Third-country trade actions

India initiated an antidumping investigation in February 2021 regarding imports of melamine originating in or exported from the European Union, Japan, Qatar, and the United Arab Emirates. Affirmative findings were made for all the subject countries in February 2022, and it was recommended that antidumping duties be imposed on India's imports of melamine originating in or exported from each of the subject countries.[9] India announced on May 26,

[9] Government of India, Ministry of Commerce & Industry Department of Commerce Directorate General of Trade Remedies, "Notification Final Findings (Case No - AD (OI) 01/2021): Subject: Anti-Dumping investigation concerning imports of Melamine from European Union, Japan, Qatar and United Arab Emirates," February 25, 2022.

2022, that it would not impose antidumping duties on melamine originating in or exported from the European Union, Japan, Qatar, and the United Arab Emirates.[10]

As of August 26, 2021, after conducting a sunset review initiated in September 2020 at the request of Gujarat State Fertilizers & Chemicals Limited, India also announced that the Directorate General of Trade Remedies recommended extending the existing antidumping order on imports of melamine from China for five years because of "significant" ongoing imports from China.[11] The measure continues previous extensions of the antidumping duties originally imposed in 2004.

In regard to the European Union (EU), it was announced on September 15, 2023, that an antidumping order would be imposed on EU imports of melamine from China after an expiry review (prompted by the imminent expiration of the existing antidumping order on such imports) concluded that "there is a strong likelihood that the expiry of the anti-dumping measures on imports from the Chinese mainland would result in the continuation of dumping." The review was requested in March 2022 by Borealis Agrolinz Melamine GmbH, OCI Nitrogen BV and Grupa Azoty Zaklady Azotowe Pulawy SA.[12]

A partial interim review addressing EU imports of melamine from China is also underway. The review was initiated on December 19, 2023, based on a request filed on November 13, 2023, by LAT Nitrogen, OCI Nitrogen BV, and Grupa Azoty Zaklady Azotowe Pulawy SA. The companies requested that the European Commission convert the existing minimum import price and fixed duties to ad valorem duties.[13] It is expected to end on August 20, 2024, with the measures expected to take effect on December 19, 2024.[14]

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[10] Government of India, Ministry of Finance, Department of Revenue (Tax Research Unit), "Office Memorandum: Subject: Anti-Dumping Investigation Concerning Imports of Melamine from the European Union, Japan, Qatar and the United Arab Emirates – Regarding," May 26, 2022.

[11] *The Economic Times*, "Commerce Ministry recommends extending anti-dumping duty on melamine from China," August 26, 2021; *The Economic Times*, "India Extends Anti-Dumping Duty on Melamine, Vitrified Tile Imports from China," February 25, 2021.

[12] HKTDC Research, "Regulatory Alert - EU - Anti-dumping Actions Anti-dumping Actions 2023-29," September 19, 2023.

[13] European Commission (EC), "Notice of Initiation of a Partial Interim Review of the Anti-Dumping Measures Applicable to Imports of Melamine Originating in The People's Republic of China," December 20, 2023.

[14] EC, "Trade Defence Investigations: Case R808 – Melamine," March 14, 2024; EC, "Notice of Initiation of a Partial Interim Review of the Anti-Dumping Measures Applicable to Imports of Melamine Originating in The People's Republic of China," December 20, 2023.

Information on nonsubject countries[15]

As shown in table VII-13, China was the largest world exporter of melamine during 2020-22, accounting for 64.9 percent of global exports by quantity in 2022, followed by the Netherlands (7.9 percent), Qatar (7.1 percent), and Germany (6.4 percent). The value and quantity trends of Chinese melamine exports diverged during 2020-22. While the quantity of such exports steadily trended upwards during 2020-22, reaching 1.2 billion pounds (about two-thirds of global melamine exports by quantity), the value increased to $850 million in 2021 before declining to $750 million in 2022 (almost 50 percent of global melamine exports by value).

[15] GTA data for 2023 are incomplete and are not presented in this report.

Table VII-13
Melamine: Global exports by exporter and period

Quantity in 1,000 pounds; value in 1,000 dollars

Exporting country	Measure	2020	2021	2022
United States	Quantity	65,444	54,793	37,248
Germany	Quantity	198,090	188,123	116,165
India	Quantity	8,614	14,571	39,977
Japan	Quantity	60,880	58,334	38,410
Netherlands	Quantity	203,605	167,628	143,080
Qatar	Quantity	92,732	125,490	128,595
Trinidad & Tobago	Quantity	46,375	60,202	66,188
Subject exporters	Quantity	610,296	614,349	532,415
China	Quantity	670,931	1,114,357	1,177,372
Belgium	Quantity	20,715	19,686	25,202
Spain	Quantity	1,823	7,550	15,732
Turkey	Quantity	2,458	7,706	11,927
Poland	Quantity	219	887	6,081
All other exporters	Quantity	129,464	112,666	7,319
All reporting exporters	Quantity	1,501,352	1,931,993	1,813,295
United States	Value	25,210	34,405	34,832
Germany	Value	89,785	175,117	171,499
India	Value	2,868	13,525	35,301
Japan	Value	26,565	42,874	37,378
Netherlands	Value	121,830	220,321	6,073
Qatar	Value	38,034	100,648	136,653
Trinidad and Tobago	Value	19,734	49,198	97,269
Subject exporters	Value	298,816	601,683	484,173
China	Value	217,231	850,203	749,882
Belgium	Value	9,849	20,937	30,254
Spain	Value	1,106	8,874	21,951
Turkey	Value	1,215	9,605	13,185
Poland	Value	177	1,271	7,301
All other exporters	Value	150,247	254,316	225,166
All reporting exporters	Value	703,850	1,781,293	1,566,744

Table continued.

Table VII-13 Continued
Melamine: Global exports by exporter and period

Unit value in dollars per pound; share in percent

Exporting country	Measure	2020	2021	2022
United States	Unit value	0.39	0.63	0.94
Germany	Unit value	0.45	0.93	1.48
India	Unit value	0.33	0.93	0.88
Japan	Unit value	0.44	0.73	0.97
Netherlands	Unit value	0.60	1.31	0.04
Qatar	Unit value	0.41	0.80	1.06
Trinidad and Tobago	Unit value	0.43	0.82	1.47
Subject exporters	Unit value	0.49	0.98	0.91
China	Unit value	0.32	0.76	0.64
Belgium	Unit value	0.48	1.06	1.20
Spain	Unit value	0.61	1.18	1.40
Turkey	Unit value	0.49	1.25	1.11
Poland	Unit value	0.81	1.43	1.20
All other exporters	Unit value	1.16	2.26	30.76
All reporting exporters	Unit value	0.47	0.92	0.86
United States	Share of quantity	4.4	2.8	2.1
Germany	Share of quantity	13.2	9.7	6.4
India	Share of quantity	0.6	0.8	2.2
Japan	Share of quantity	4.1	3.0	2.1
Netherlands	Share of quantity	13.6	8.7	7.9
Qatar	Share of quantity	6.2	6.5	7.1
Trinidad and Tobago	Share of quantity	3.1	3.1	3.7
Subject exporters	Share of quantity	40.6	31.8	29.4
China	Share of quantity	44.7	57.7	64.9
Belgium	Share of quantity	1.4	1.0	1.4
Spain	Share of quantity	0.1	0.4	0.9
Turkey	Share of quantity	0.2	0.4	0.7
Poland	Share of quantity	0.0	0.0	0.3
All other exporters	Share of quantity	8.6	5.8	0.4
All reporting exporters	Share of quantity	100.0	100.0	100.0

Source: Official exports statistics and official global imports statistics from Netherlands, Qatar and Trinidad and Tobago (constructed exports) under HS subheading 2933.61 as reported by various national statistical authorities in the Global Trade Atlas Suite database, accessed March 7, 2024.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---". United States is shown at the top followed by the countries under investigation, all remaining top exporting countries in descending order of 2022 data.

In 2022, China's three largest markets for exports (in terms of quantity and value) were India, Turkey, and Germany (table VII-14). But the export quantity and values during 2020-22 shifted considerably, with Chinese exports of melamine to India and Germany growing steadily during the period in terms of both quantity and value while Chinese exports to Turkey peaked in 2021 before dipping in 2022. The quantity of Chinese exports of melamine to the United States grew during 2020-22 from 31,000 pounds to 234,000 pounds. Also, while the unit values of Chinese exports to the United States declined steadily during 2020-22 from $5.01 per pound to $1.23 per pound, the unit values to India, Turkey, and Germany more than doubled through 2021 before declining in 2022 to about $0.60-0.65 per pound for each country.

Chinese production capacity also reportedly increased during 2021-23. ***.[16]

[16] ***.

Table VII-14
Melamine: Exports from China, by destination market and period

Quantity in 1,000 pounds; value in 1,000 dollars

Exporting country	Measure	2020	2021	2022
United States	Quantity	31	76	234
India	Quantity	25,787	110,028	165,352
Turkey	Quantity	79,944	150,910	90,288
Germany	Quantity	5,396	27,951	80,185
Thailand	Quantity	76,298	85,382	74,083
Brazil	Quantity	23,371	87,935	65,568
Vietnam	Quantity	72,761	72,105	65,150
Russia	Quantity	52,187	81,450	57,587
Korea	Quantity	46,177	49,548	53,819
All other exporters	Quantity	572,537	983,284	1,065,731
All reporting exporters	Quantity	670,931	1,114,357	1,177,372
United States	Value	154	268	289
India	Value	8,440	90,256	98,786
Turkey	Value	25,396	121,944	55,259
Germany	Value	1,750	21,605	52,513
Thailand	Value	23,338	56,698	41,320
Brazil	Value	7,477	72,205	39,353
Vietnam	Value	23,361	49,722	40,946
Russia	Value	15,924	53,829	47,356
Korea	Value	15,352	37,636	33,308
All other exporters	Value	185,801	758,470	668,930
All reporting exporters	Value	217,231	850,203	749,882

Table continued.

Table VII-14 Continued
Melamine: Exports from China, by destination market and period

Unit value in dollars per pound; share in percent

Exporting country	Measure	2020	2021	2022
United States	Unit value	5.01	3.54	1.23
India	Unit value	0.33	0.82	0.60
Turkey	Unit value	0.32	0.81	0.61
Germany	Unit value	0.32	0.77	0.65
Thailand	Unit value	0.31	0.66	0.56
Brazil	Unit value	0.32	0.82	0.60
Vietnam	Unit value	0.32	0.69	0.63
Russia	Unit value	0.31	0.66	0.82
Korea	Unit value	0.33	0.76	0.62
All other exporters	Unit value	0.32	0.77	0.63
All reporting exporters	Unit value	0.32	0.76	0.64
United States	Share of quantity	0.0	0.0	0.0
India	Share of quantity	3.8	9.9	14.0
Turkey	Share of quantity	11.9	13.5	7.7
Germany	Share of quantity	0.8	2.5	6.8
Thailand	Share of quantity	11.4	7.7	6.3
Brazil	Share of quantity	3.5	7.9	5.6
Vietnam	Share of quantity	10.8	6.5	5.5
Russia	Share of quantity	7.8	7.3	4.9
Korea	Share of quantity	6.9	4.4	4.6
All other exporters	Share of quantity	85.3	88.2	90.5
All reporting exporters	Share of quantity	100.0	100.0	100.0

Source: Official exports statistics under HS subheading 2933.61 as reported by China Customs in the Global Trade Atlas Suite database, accessed March 11, 2024.

Note: Shares and ratios shown as "0.0" represent values greater than zero, but less than "0.05" percent. Zeroes, null values, and undefined calculations are suppressed and shown as "---". United States is shown at the top followed by the countries under investigation, all remaining top exporting countries in descending order of 2022 data.

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
89 FR 13090, February 21, 2024	*Melamine From Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago; Institution of Antidumping and Countervailing Duty Investigations and Scheduling of Preliminary Phase Investigations*	https://www.govinfo.gov/content/pkg/FR-2024-02-21/pdf/2024-03497.pdf
89 FR 17381, March 11, 2024	*Melamine From Germany, India, Qatar, and Trinidad and Tobago: Initiation of Countervailing Duty Investigations*	https://www.govinfo.gov/content/pkg/FR-2024-03-11/pdf/2024-05126.pdf
89 FR 17413, March 11, 2024	*Melamine From Germany, India, Japan, the Netherlands, Qatar, and Trinidad and Tobago: Initiation of Less-Than-Fair-Value Investigations*	https://www.govinfo.gov/content/pkg/FR-2024-03-11/pdf/2024-05127.pdf

APPENDIX B

LIST OF STAFF CONFERENCE WITNESSES

CALENDAR OF PUBLIC PRELIMINARY CONFERENCE

Those listed below appeared in the United States International Trade Commission's Preliminary Conference:

Subject: Melamine from Germany, India, Japan, Netherlands, Qatar, and Trinidad and Tobago

Inv. Nos.: 701-TA-706-709 and 731-TA-1667-1672 (Preliminary)

Date and Time: March 6, 2024 - 9:30 a.m.

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

OPENING REMARKS:

In Support of Imposition (**Stephen Orava**, King & Spalding LLP)
In Opposition to Imposition (**Lizbeth R. Levinson**, Fox Rothschild LLP)

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

King & Spalding LLP
Washington, DC
on behalf of

Cornerstone Chemical Company

Matthew Sokol, Chief Executive Officer, Cornerstone Chemical Company

Thomas Blaser, Chief Financial Officer, Cornerstone Chemical Company

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

Roland Frank, Vice President and General Manager of Operations, Cornerstone Chemical Company

Andrew Szamosszegi, Principal, Capital Trade, Incorporated

Stephen Orava)
) – OF COUNSEL
Patrick McLain)

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

White & Case LLP
Washington, DC
on behalf of

QatarEnergy

Jason Paul Husack, Head Counsel, Legal Compliance, QatarEnergy

Jay Campbell)
) – OF COUNSEL
Ron Kendler)

Squire Patton Boggs (US) LLP
Washington, DC
on behalf of

Hexion Inc.

Jennifer Lestini, Vice President, Global Procurement-Raw Materials, Hexion, Inc.

Steven Sauter, North American Business Director, Hexion, Inc

Jeremy W. Dutra) – OF COUNSEL

Craven Trade Law LLC
Chicago, IL
on behalf of

S.A.F.E. Chemicals
Gujarat State Fertilizers and Chemicals Limited
TPM Consultants

Sparsh Chandan (remote witness), Chief Executive Officer, S.A.F.E. Chemicals, LLC

AK Gupta (remote witness), TPM Consultants

Namrita Raghuwanshi (remote witness), TPM Consultants

David J. Craven) – OF COUNSEL

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

Steptoe LLP
Washington, DC
on behalf of

Helm U.S. Corporation
Methanol Holdings (Trinidad) Ltd.

Christian Wulf (remote witness), Senior Product Manager, Helm U.S. Corporation

Hanna Sukhu-Maharaj (remote witness), Director of Marketing and Logistics, Methanol Holdings (Trinidad) Ltd.

Eric C. Emerson)
) – OF COUNSEL
Zhu (Judy) Wang)

FOX ROTHSCHILD LLP
Washington, DC
on behalf of

Wilsonart Engineered Surfaces

Pamela Carroll, Vice President of Global Sourcing and Logistics, Wilsonart Engineered Surfaces

Lizbeth R. Levinson)
) – OF COUNSEL
Alexander D. Keyser)

REBUTTAL/CLOSING REMARKS:

In Support of Imposition (**Patrick McLain**, King & Spalding LLP)
In Opposition to Imposition (**Jeremy W. Dutra**, Squire Patton Boggs (US) LLP and **Eric C. Emerson**, Steptoe LLP)

APPENDIX C

SUMMARY DATA

Table C-1

Melamine: Summary data concerning the U.S. market, by item and period

Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted

Item	Reported data			Period changes		
	Calendar year			Comparison years		
	2021	2022	2023	2021-23	2021-22	2022-23
U.S. consumption quantity:						
Amount	142,139	142,655	115,665	▼(18.6)	▲0.4	▼(18.9)
Producers' share (fn1)	***	***	***	▼***	▼***	▼***
Importers' share (fn1):						
Germany	***	***	***	▲***	▲***	▼***
India	***	***	***	▲***	▲***	▲***
Japan	***	***	***	▲***	▼***	▲***
Netherlands	***	***	***	▲***	▲***	▲***
Qatar	***	***	***	▲***	▲***	▲***
Trinidad and Tobago (TT)	***	***	***	▲***	▲***	▼***
Subject sources	***	***	***	▲***	▲***	▲***
Subject sources less Japan	***	***	***	▲***	▲***	▲***
Subject sources less TT	***	***	***	▲***	▲***	▲***
Nonsubject sources	***	***	***	▼***	▼***	▼***
Nonsubject sources plus Japan	***	***	***	▼***	▼***	▲***
All import sources less TT	***	***	***	▲***	▲***	▲***
All import sources	***	***	***	▲***	▲***	▲***
U.S. consumption value:						
Amount	143,945	270,780	129,395	▼(10.1)	▲88.1	▼(52.2)
Producers' share (fn1)	***	***	***	▼***	▼***	▼***
Importers' share (fn1):				***	***	***
Germany	***	***	***	▲***	▲***	▼***
India	***	***	***	▲***	▲***	▲***
Japan	***	***	***	▲***	▼***	▲***
Netherlands	***	***	***	▲***	▲***	▲***
Qatar	***	***	***	▲***	▲***	▲***
Trinidad and Tobago (TT)	***	***	***	▼***	▲***	▼***
Subject sources	***	***	***	▲***	▲***	▲***
Subject sources less Japan	***	***	***	▲***	▲***	▲***
Subject sources less TT	***	***	***	▲***	▲***	▲***
Nonsubject sources	***	***	***	▼***	▼***	▼***
Nonsubject sources plus Japan	***	***	***	▼***	▼***	▲***
All import sources less TT	***	***	***	▲***	▲***	▲***
All import sources	***	***	***	▲***	▲***	▲***
U.S. importers' U.S. shipments of imports from:						
Germany:						
Quantity	***	***	***	▲***	▲***	▼***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	***	***	***
India						
Quantity	***	***	***	▲***	▲***	▲***
Value	***	***	***	▲***	▲***	▲***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▼***

Table continued.

Table C-1 Continued

Melamine: Summary data concerning the U.S. market, by item and period

Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted

Item	Reported data			Period changes		
	Calendar year			Comparison years		
	2021	2022	2023	2021-23	2021-22	2022-23
U.S. importers' U.S. shipments of imports from (continued):						
Japan:						
Quantity	***	***	***	▼***	▼***	▲***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▼***	▼***	▲***
Netherlands:						
Quantity	***	***	***	▲***	▲***	▼***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▼***
Qatar:						
Quantity	***	***	***	▲***	▲***	▲***
Value	***	***	***	▲***	▲***	▲***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	***	***	***
Trinidad and Tobago:						
Quantity	***	***	***	▼***	▲***	▼***
Value	***	***	***	▼***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▼***	▲***	▼***
Subject sources:						
Quantity	***	***	***	▲***	▲***	▼***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▼***	▲***	▼***
Subject sources less Japan:						
Quantity	***	***	***	▲***	▲***	▼***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▼***	▲***	▼***
Subject sources less Trinidad and Tobago:						
Quantity	***	***	***	▲***	▲***	▲***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▼***
Nonsubject sources:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▲***	▼***
Unit value	***	***	***	▼***	▲***	▼***
Ending inventory quantity	***	***	***	***	***	***
Nonsubject sources plus Japan:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▼***	▼***	▲***

Table continued.

Table C-1 Continued

Melamine: Summary data concerning the U.S. market, by item and period

Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted

Item	Reported data			Period changes		
	Calendar year			Comparison years		
	2021	2022	2023	2021-23	2021-22	2022-23
U.S. importers' U.S. shipments of imports from (continued):						
All import sources less Trinidad and Tobago:						
Quantity	***	***	***	▲***	▲***	▲***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▼***
All import sources:						
Quantity	***	***	***	▲***	▲***	▼***
Value	***	***	***	▲***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Ending inventory quantity	***	***	***	▼***	▲***	▼***
U.S. producer's:						
Practical capacity quantity	***	***	***	▲***	▲***	▲***
Production quantity	***	***	***	▼***	▼***	▼***
Capacity utilization (fn1)	***	***	***	▼***	▼***	▼***
U.S. shipments:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▲***	▼***
Unit value	***	***	***	▲***	▲***	▼***
Export shipments:						
Quantity	***	***	***	▼***	▼***	▲***
Value	***	***	***	▼***	▲***	▼***
Unit value	***	***	***	▼***	▲***	▼***
Ending inventory quantity	***	***	***	▲***	▲***	▲***
Inventories/total shipments (fn1)	***	***	***	▲***	▲***	▲***
Production workers	***	***	***	▲***	▲***	▼***
Hours worked (1,000s)	***	***	***	▲***	▲***	▼***
Wages paid ($1,000)	***	***	***	▲***	▲***	▼***
Hourly wages (dollars per hour)	***	***	***	▲***	▲***	▲***
Productivity (pounds per hour)	***	***	***	▼***	▼***	▼***
Unit labor costs	***	***	***	▲***	▲***	▲***

Table continued.

Table C-1 Continued
Melamine: Summary data concerning the U.S. market, by item and period

Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted

Item	Reported data			Period changes		
	Calendar year			Comparison years		
	2021	2022	2023	2021-23	2021-22	2022-23
U.S. producer's (continued):						
Net sales:						
Quantity	***	***	***	▼***	▼***	▼***
Value	***	***	***	▼***	▲***	▼***
Unit value	***	***	***	▼***	▲***	▼***
Cost of goods sold (COGS)	***	***	***	▼***	▲***	▼***
Gross profit or (loss) (fn2)	***	***	***	▼***	▲***	▼***
SG&A expenses	***	***	***	▲***	▲***	▲***
Operating income or (loss) (fn2)	***	***	***	▼***	▲***	▼***
Net income or (loss) (fn2)	***	***	***	▼***	▲***	▼***
Unit COGS	***	***	***	▲***	▲***	▼***
Unit SG&A expenses	***	***	***	▲***	▲***	▲***
Unit operating income or (loss) (fn2)	***	***	***	▼***	▲***	▼***
Unit net income or (loss) (fn2)	***	***	***	▼***	▲***	▼***
COGS/sales (fn1)	***	***	***	▲***	▼***	▲***
Operating income or (loss)/sales (fn1)	***	***	***	▼***	▲***	▼***
Net income or (loss)/sales (fn1)	***	***	***	▼***	▲***	▼***
Capital expenditures	***	***	***	▼***	▼***	▼***
Research and development expenses	***	***	***	▲***	▲***	▼***
Total assets	***	***	***	▼***	▼***	▼***

Source: Compiled from data submitted in response to Commission questionnaires. 508-compliant tables containing these data are contained in parts III, IV, VI, and VII of this report.

Note.--Shares and ratios shown as "0.0" percent represent non-zero values less than "0.05" percent (if positive) and greater than "(0.05)" percent (if negative). Zeroes, null values, and undefined calculations are suppressed and shown as "---". Period changes preceded by a "▲" represent an increase, while period changes preceded by a "▼" represent a decrease.

fn1.--Reported data are in percent and period changes are in percentage points.
fn2.--Percent changes only calculated when both comparison values represent profits; The directional change in profitability provided when one or both comparison values represent a loss.