November 12, 2014

DOC Inv. Nos. A-570-020, C-570-021, A-274-806, C-274-807
ITC Inv. Nos. 701-TA- and 731-TA-
Total Pages: 2178
Investigation

PUBLIC VERSION
Business Proprietary Information Has Been
Deleted From Pages 2, 4-5, 10, 12-16, 18, 20-26
And Exhibits I-1, I-13-20 Of Volume I; Pages 3-
4, 6 And Exhibit II-6 Of Volume II; Pages 3-5,
10-11 And Exhibits III-1, 11-14, 18, 20, 27, 29,
31 Of Volume III; Pages 4, 21-22, 34-37 Of Volume IV.

BY ELECTRONIC FILING

The Honorable Penny S. Pritzker
Secretary of Commerce
U.S. Department of Commerce
Attention: Enforcement and Compliance
APO/Dockets Unit, Room 1870
14th Street and Constitution Avenue, N.W.
Washington, DC 20230

BY HAND DELIVERY

The Honorable Lisa M. Barton
Secretary
U.S. International Trade Commission
500 E Street, S.W.
Room 112A
Washington, DC 20436

Re: Petitions For The Imposition Of Antidumping And Countervailing Duties Against Melamine From China And Trinidad And Tobago

Dear Secretary Pritzker and Secretary Barton:

On behalf of Cornerstone Chemical Company ("Cornerstone Chemical" or "Petitioner"), we respectfully submit to the U.S. Department of Commerce ("the Department") and the U.S. International Trade Commission ("the Commission") petitions for the imposition of antidumping
and countervailing duties on U.S. imports of melamine from the People’s Republic of China (“China”) and the Republic of Trinidad and Tobago (“Trinidad & Tobago”). Cornerstone Chemical is the only U.S. producer of melamine and, thus, is an interested party within the meaning of 19 U.S.C. § 1677(9)(C).

Volume I of the petitions contains general information and the allegations of injury, along with associated exhibits. Volumes II-III contain the China and Trinidad & Tobago antidumping duty allegations and associated exhibits. Volumes IV-V contain the China and Trinidad & Tobago countervailing duty allegations and associated exhibits. There are proprietary and public versions of Volumes I-IV, while Volume V is public in its entirety.

Pursuant to sections 351.202(d) and 351.304 of the Department’s regulations, and section 201.6 of the Commission’s regulations, we request business proprietary treatment for the bracketed information in the narratives and exhibits of these petitions as detailed below. Disclosure of this information, which is not otherwise publicly available, would cause substantial harm to the competitive position of the submitter and would impair the ability of the Department and the Commission to obtain information in the future necessary to fulfill their statutory functions.

Volume I (General Information and Injury):

- Pages 4-5, 10, 18, and 20-24; Exhibit I-1 – confidential industry report
- Pages 2, 12-16, 18, 25-26; Exhibits I-13-14 and I-17-20 – Petitioner’s operations, trade, and financial data and information
- Pages 14-15; Exhibit I-15-16 – Petitioner’s lost sales and revenues and identification of customer names
Volume II (China AD):

- Pages 3 and 6 – confidential industry report
- Page 4; Exhibit II-6 – information related to Petitioner’s cost of production
- Exhibit II-6 – confidential source of information

Volume III (Trinidad & Tobago AD):

- Pages 3-4; Exhibit III-1 – confidential industry report
- Page 10; Exhibit III-18 – information related to Petitioner’s financial operations and cost of production
- Exhibits III-18, 20 – confidential source of information
- Page 4-5, 11; Exhibit III-11-14, 27, 29, 31 – confidential source of pricing information

Volume IV (China CVD):

- On Pages 4, 21-22, 34-37, and 45 – confidential industry report

The requisite certification that substantially identical information is not available to the public is set forth as an attachment to this letter, in accordance with section 201.6(b)(3)(iii) of the Commission’s rules. Also attached are the requisite company and counsel certifications regarding the completeness and accuracy of the information contained in the petitions.

Pursuant to section 351.304(b)(1) of the Department’s regulations, Petitioner agrees in principle to permit disclosure of business proprietary information contained in the petitions under an appropriately drawn administrative protective order (“APO”). Petitioner respectfully reserves the right, however, to comment on all APO applications prior to disclosure.
The Honorable Penny S. Pritzker
The Honorable Lisa M. Barton
November 12, 2014
Page 4

A public version of the petitions is being filed simultaneously with this submission pursuant to section 351.304(c)(1) of the Department’s regulations and section 201.8(d) of the Commission’s rules.

Pursuant to section 351.202(c) of the Department’s regulations, we certify that the petitions and all required copies were filed today with both the Department and the Commission. The petitions are being filed electronically on the Department’s IA ACCESS filing system. An original and eight paper copies of the business proprietary version and two paper copies of the public version of the narrative portions of each volume, along with CDs containing the associated business proprietary and public version exhibits, are being filed manually at the Commission.

If you have any questions regarding this petition, please contact us.

Respectfully submitted,

[Signature]

Joseph W. Dorn
Stephen J. Orava
Christopher T. Cloutier
Daniel Ł. Schneiderman
P. Lee Smith
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(202) 737-0500

Counsel for Cornerstone Chemical Company
COMPANY CERTIFICATION

I, Eifion S. Jones, Chief Financial Officer, currently employed by Cornerstone Chemical Company, certify that I prepared or otherwise supervised the preparation of the attached Petitions for the Imposition of Antidumping and Countervailing Duties on Melamine from China and Trinidad & Tobago (A-570-020, C-570-021, A-274-806, and C-274-807) filed on November 12, 2014. I certify that the public information and any business proprietary information of Cornerstone Chemical Company contained in this submission is accurate and complete to the best of my knowledge. I am aware that the information contained in this submission may be subject to verification or corroboration (as appropriate) by the U.S. Department of Commerce. I am also aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the U.S. Department of Commerce may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that a copy of this signed certification will be filed with this submission to the U.S. Department of Commerce.

Signature: Eifion S. Jones

Date: 11/01/2014
REPRESENTATIVE CERTIFICATION

I, Joseph W. Dorn, with King & Spalding LLP, counsel to Cornerstone Chemical Company, certify that I have read the attached Petitions for the Imposition of Antidumping and Countervailing Duties on Melamine from China and Trinidad & Tobago (A-570-020, C-570-021, A-274-806, and C-274-807) filed on November 12, 2014. In my capacity as Counsel, I certify that the information contained in this submission is accurate and complete to the best of my knowledge. I am aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the U.S. Department of Commerce may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that a copy of this signed certification will be filed with this submission to the U.S. Department of Commerce.

Signature: [Signature]

Joseph W. Dorn

Date: 11-11-14
CERTIFICATION OF COUNSEL

City of Washington  )
) ss
District of Columbia  )

In accordance with section 201.6(b)(3)(iii) of the Commission’s rules, I, Joseph W. Dorn, of King & Spalding LLP, counsel to Cornerstone Chemical Company, certify that information substantially identical to the information for which we are requesting proprietary treatment in the attached submission is not available to the public.

In accordance with section 207.3(a) of the Commission’s rules, I further certify that (1) I have read the attached submission, and (2) the information contained in this submission is accurate and complete to the best of my knowledge.

Dated: November 11, 2014

Joseph W. Dorn

Subscribed and sworn to before me on this 11th day of November 2014.

TRINA L. HEDGEPETH
Notary Public of District of Columbia
My Commission Expires July 31, 2018

TRINA L. HEDGEPETH
Notary Public
BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION
UNITED STATES DEPARTMENT OF COMMERCE
AND THE UNITED STATES INTERNATIONAL TRADE COMMISSION

IN THE MATTER OF

MELAMINE FROM CHINA AND
TRINIDAD AND TOBAGO

PETITIONS FOR THE IMPOSITION
OF ANTIDUMPING AND
COUNTERVAILING DUTIES

VOLUME I: GENERAL
INFORMATION AND INJURY

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Cornerstone Chemical Company

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November 12, 2014
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(G):  Viola Pan, “China’s Sichuan Chemical Industry to build ammonia, melamine units,” ICIS News (Sept. 17, 2012)


(J):  Announcement of Shandong Hualu-Hengsheng Chemical Co., Ltd. on the Resolution of 2011 Third Temporary Meeting of the Fourth Session of the Board of Directors (Sept. 6, 2011) (with extract translation)

(K):  Announcement of Shandong Hualu-Hengsheng Chemical Co., Ltd. on the 100,000 MT/year Melamine Project (First Stage) Production Line Starting Production (April 30, 2014) (with translation)


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(C): Shastri Boodan, “MHTL starts consultation on its US$2b AUM II complex,” The Trinidad & Tobago Guardian (Feb. 28, 2013)


I. INTRODUCTION

These petitions before the International Trade Administration of the U.S. Department of Commerce (the “Department” or “Commerce”) and the U.S. International Trade Commission (the “ITC” or the “Commission”) are filed on behalf of Cornerstone Chemical Company (“Cornerstone Chemical” or “Petitioner”).

Petitioner alleges that melamine imported from the People’s Republic of China (“China”) and the Republic of Trinidad and Tobago (“Trinidad & Tobago”) are being, or are likely to be, sold in the United States at less than fair value within the meaning of Section 731 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1673. Petitioner also alleges that the Government of China and the Government of Trinidad & Tobago are providing, directly or indirectly, countervailable subsidies with respect to the manufacture, production, and/or export of melamine imported, or sold (or likely to be sold) for importation, into the United States within the meaning of Section 701 of the Tariff Act of 1930, as amended, 19 U.S.C. § 1671. Petitioner further alleges that the domestic industry producing melamine is materially injured and threatened with further material injury by reason of unfairly traded imports of melamine. These petitions set forth the information reasonably available to Cornerstone Chemical in support of these allegations.

II. INFORMATION RELATED TO SALES AT LESS THAN FAIR VALUE AND COUNTERVAILABLE SUBSIDIES

Information related to allegations of less-than-fair-value sales from China and Trinidad & Tobago is provided in Volumes II-III. Information related to countervailable subsidies provided by the Government of China and the Government of Trinidad & Tobago is provided in Volumes IV-V.
III. GENERAL INFORMATION

A. The Petitioner

Cornerstone Chemical, the only U.S. producer of melamine, is an "interested party" within the meaning of 19 U.S.C. § 1677(9)(C). Petitioner’s name, address, and other contact information are as follows:

Cornerstone Chemical Company  
10800 River Road  
Waggaman, LA 70094  
Phone: (504) 431-9511  
Fax: (504) 431-6689  
Contact Name and Title: Eifion S. Jones, Chief Financial Officer  
Contact Email: Eifion.Jones@cornerstonechemco.com  
Website: http://www.cornerstonechemco.com

B. Description Of The Domestic Industry

These petitions are filed on behalf of the domestic industry producing melamine. Cornerstone Chemical is the only producer of melamine in the United States.¹ Accordingly, Cornerstone Chemical constitutes the entire domestic industry.

C. Degree Of Industry Support For The Petitions

Petitioner is filing these petitions on behalf of the domestic industry producing melamine. The volume of U.S. production of the domestic like product was [ ] pounds during 2013. Petitioner accounted for 100 percent of U.S. production.

D. Previous Requests For Import Relief

Petitioner has not filed for relief under Section 337 of the Tariff Act of 1930 (19 U.S.C. §§ 1337, 1671a), Sections 201 or 301 of the Trade Act of 1974 (19 U.S.C. §§ 2251, 2411), or Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862) with respect to imports of

melamine from China or Trinidad & Tobago. Requests for relief, however, have been filed with respect to imports of melamine from Japan, Austria, Italy, the Netherlands, and Brazil.²

E. Description Of The Subject Merchandise

1. Physical characteristics, specifications, and uses

Melamine is “a fine, white crystalline powder that is used primarily 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.”³ Melamine (C₃H₆N₆, and also known as 2,4,6-triamino-s-triazine) typically contains by weight a minimum of 99.8 percent melamine and has a molecular weight of 126.13, a specific density of 1.573 g/cc (depending on particle size), and a melting point of approximately 354°C, with sublimation.⁴

Imports of melamine are generally entered into the United States under subheading 2933.61.0000 of the Harmonized Tariff Schedule of the United States. See Exhibit I-4.

² Although Cornerstone Chemical’s predecessors were part of the U.S. melamine industry when these cases were filed, Melamine Chemicals Inc. (“MCI”) was the petitioner in each of these previous requests. In 1975, MCI requested relief with respect to imports of melamine from Japan, and an antidumping order was imposed in 1977. Melamine From Japan, Inv. No. AA1921-162 (Review), USITC Pub. 3209 at I-1 (July 1999) (“Melamine From Japan”), extracts provided as Exhibit I-2. In 1999, the Department and the Commission issued affirmative sunset review determinations, continuing the order against imports of melamine from Japan. The order was revoked effective September 1, 2004, after no domestic party responded to the notice of initiation. Melamine in Crystal Form From Japan: Revocation of Antidumping Duty Finding, 69 Fed. Reg. 61794 (Dep’t of Commerce Oct. 21, 2004). MCI also requested relief with respect to imports of melamine from Austria, Italy, and the Netherlands in 1979 and with respect to imports of melamine from Brazil in 1982. Neither request resulted in an antidumping order. Melamine From Japan at I-1 – I-2.

After being purchased by Mississippi Chemical Corporation, MCI ceased operating in 2004. See CEH Melamine at 22, provided as Exhibit I-1.

³ Melamine From Japan at 4, provided as Exhibit I-2.

⁴ See CEH Melamine at 15, provided as Exhibit I-1; Cornerstone Chemical Company, “Technical Information Sheet: Melamine,” provided as Exhibit I-3.
Most melamine consumed in the United States is used in the production of melamine resins, predominantly melamine-formaldehyde ("MF") resins. Melamine resins are typically used in laminates, surface coatings, adhesives, molding compounds, paper treatment, and other applications. Laminates accounted for approximately [ ] percent of U.S. melamine consumption (in MF resin equivalent) in 2013. Typical laminate products include kitchen and bathroom countertops, table tops, doors, and cabinets. These applications use "low-pressure laminates" or "high-pressure laminates." Low-pressure laminates [ 

High-pressure laminates are “used as surface layers when a combination of decorative effect and durability (e.g., heat, abrasion, and stain resistance) is desired.” These high-pressure laminates are [ ] and are used in horizontal furniture tops, kitchen and bathroom countertops, doors, and other applications.

Surface coatings, another significant application of melamine resins in the United States, accounted for approximately [ ] percent of U.S. melamine consumption (in MF resin
equivalent) in 2013. 12 [ 

]13 MF resins therefore “are further treated with additional chemicals, with the resultant product rendered insoluble in organic solvents.”14 This makes MF resins particularly suitable for use as coatings in appliance finishes, automotive topcoats, metal furniture finishes, and coil coatings.15

Other uses of melamine include wood adhesives ([ ] percent of U.S. melamine consumption (in MF resin equivalent) in 2013), molding compounds ([ ] percent), paper treatment ([ ] percent), textile treatment ([ ] percent), and other applications ([ ] percent) in the automotive, furniture, appliance, and other industries.16

2. Production methods

All melamine production is based on “thermal decomposition of urea. Melamine is commercially derived by heating a mixture of urea and ammonia in either a high- or low-pressure conversion process.”17 The heat and pressure cause a reaction in the urea and ammonia (carrier gas), which yields melamine (which is further purified) and ammonia and carbon dioxide by-products. The pure melamine that results from this process contains a large particle size

12 Id. at 23.

13 Id. at 28.

14 Melamine From Japan at I-7, provided as Exhibit I-2.

15 Id.; CEH Melamine at 28, provided as Exhibit I-1.

16 Melamine From Japan at I-7, provided as Exhibit I-2; CEH Melamine at 23, provided as Exhibit I-1.

17 Melamine From Japan at I-8, provided as Exhibit I-2. [ 

provided as Exhibit I-1. 

] CEH Melamine at 16,
distribution and may be ground to a product with smaller particle size distribution. This may be further ground and sieved to produce an even finer melamine.\textsuperscript{18}

According to the Commission, many companies have developed commercial processes to convert urea to melamine.\textsuperscript{19} Nissan and two U.S. companies – American Cyanamid Company and MCI\textsuperscript{20} – developed high-pressure non-catalytic processes, while BASF, DSM NV, and Chemie Linz developed low-pressure gaseous-phase catalytic processes.\textsuperscript{21} Regardless of the production process used, the end product has the same characteristics, specifications, and uses. Although purity may vary slightly depending on the production process, all melamine has the same chemical composition, is highly interchangeable, and is sold through the same channels of trade, regardless of particle size.\textsuperscript{22}

3. Proposed scope of investigations

Petitioner proposes the following scope for these investigations:

The merchandise subject to these investigations is melamine in crystal form. Melamine in crystal form is a fine white crystalline powder typically used to manufacture melamine formaldehyde resins.

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 is provided for convenience and customs purposes, the written description of the scope is dispositive.

\textsuperscript{18} Melamine From Japan at I-8, provided as Exhibit I-2.

\textsuperscript{19} Id.

\textsuperscript{20} Cytec Industries, the former name of Cornerstone Chemical, was spun off from American Cyanamid Company in 1993. As mentioned above in note 2, MCI ceased operations in 2004.

\textsuperscript{21} Melamine From Japan at I-8, provided as Exhibit I-2.

\textsuperscript{22} See id. at 4, I-9, and I-9 n.19.
F. **Countries Of Exportation**

The countries of origin of the subject melamine are China and Trinidad & Tobago. Petitioner has no specific knowledge of melamine produced in these countries that has been transshipped through any third country to the United States.

G. **Producers And Exporters Of The Subject Merchandise**

The names, addresses, phone numbers, and other available contact information of the known producers and exporters of subject merchandise are provided in Exhibit I-5. There may be additional producers or exporters of subject merchandise that are not currently known to Petitioner.

H. **Importers Of The Subject Merchandise**

The names, addresses, phone numbers, and other available contact information of known U.S. importers of melamine from China and Trinidad & Tobago are provided in Exhibit I-6.²³ There may be additional U.S. importers of subject merchandise that are not currently known to Petitioner.

IV. **DOMESTIC LIKE PRODUCT AND INDUSTRY DEFINITIONS**

A. **The Domestic Like Product Is Melamine**

1. **The domestic like product should be defined as co-extensive with the scope of investigations defined by the Department of Commerce**

   The domestic like product is defined as the product that is “like, or in the absence of like, most similar in characteristics and uses with the article subject to investigation.” 19 U.S.C. § 1677(10). The domestic like product should be defined as co-extensive with the scope of investigations. Thus, the domestic like product includes all melamine as described in the proposed scope of investigations.

²³ Petitioner certifies that each item of information specified in 19 C.F.R. § 207.11(b)(2) that is not included in these petitions was not reasonably available to Petitioner. See 19 C.F.R. § 207.11(3).
2. All melamine products constitute a single like product

All melamine products share the same physical characteristics. Although purity and particle size may vary, "all melamine . . . has a similar chemical composition." Product interchangeability largely depends on user preference for a specific production process, but there is "significant interchangeability" among melamine products even among different particle sizes. Furthermore, "all melamine is sold through identical channels of distribution, regardless of particle size distribution or packaging." Melamine is produced on "process-specific equipment using the same production employees," and "only melamine can be produced on the equipment and machinery used in the production of melamine." As it determined in Melamine From Japan, the Commission should find that "there is one domestic like product . . . consisting of all melamine in crystal form and inclusive of all particle sizes."

B. Cornerstone Chemical Company Constitutes The Domestic Industry

The statute defines the term "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." 19 U.S.C. § 1677(4)(A). Cornerstone Chemical comprises the entirety of the domestic industry, because it is the only U.S. producer of melamine.

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24 See Melamine From Japan at I-9 and I-9 n.19, provided as Exhibit I-2.

25 See id. at 4.

26 See id. at I-9.

27 Id. at I-9 - I-10.

28 Id. at 4-5.
V. THE DOMESTIC INDUSTRY IS MATERIALLY INJURED BY REASON OF SUBJECT IMPORTS

A. The Subject Imports Should Be Cumulated

The Commission must cumulatively assess the volume and effect of subject imports from all countries with respect to which petitions were filed on the same day if such imports compete with each other and with the domestic like product. Cumulation is required where there is a "reasonable overlap" of competition. The Commission generally considers the following four criteria in evaluating whether there is a reasonable overlap of competition: (1) fungibility of the subject imports in reference to each other and to the domestic like product; (2) geographic market overlap between subject imports and with the domestic like product; (3) similarity in channels of distribution for the subject imports and the domestic like product; and (4) simultaneous presence of the subject imports throughout the period of investigation. An analysis of subject imports pursuant to these factors indicates there is a reasonable overlap in competition among subject imports from China and Trinidad & Tobago and between subject imports from each source and the domestic like product.

1. Melamine is highly interchangeable, regardless of source

"Melamine is a commodity product" and imports of melamine from subject countries are highly interchangeable with each other and with the domestic like product. Melamine sold in


32 Melamine From Japan at 8, provided as Exhibit I-2.
the U.S. market is typically produced to general sales specifications. Accordingly, there is a high degree of substitutability between the subject imports from each source and the domestic like product. Likewise, the physical characteristics of melamine sold in the U.S. market are the same whether produced by Cornerstone Chemical or imported from the subject countries. In sum, melamine is a highly interchangeable product, regardless of source.

2. **There is a high degree of geographic market overlap**

Melamine from all subject sources serves the same geographic markets. As shown by official import data regarding the port of entry of subject imports, from 2011 to September 2014 (referred to herein as the period of investigation or “POI”), subject imports entered at multiple ports of entry throughout the United States. *See Exhibit I-7.* Consequently, there is extensive geographic overlap among subject imports. During the POI, melamine from China entered through five of the six U.S. geographic regions typically used in the Commission’s U.S. Importers’ Questionnaire. Melamine from Trinidad & Tobago entered in four of these six regions, and the website of Southern Chemical Corporation (“Southern Chemical”), the U.S. distributor of melamine produced by Methanol Holdings (Trinidad) Limited (“MHTL”), lists warehouses throughout the United States for distributing melamine from Trinidad & Tobago. Southern Chemical’s website also says that, after entering the United States, its products are shipped to customers throughout the United States via intermodal, bulk rail, or over the road.

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33 “All melamine . . . has a similar chemical composition.” *See id.* at I-9. Additionally, an industry publication states that [*CEH Melamine* at 12, provided as Exhibit I-1.]

transportation.\textsuperscript{35} Thus, subject imports compete against each other and the domestic like product throughout the United States.

3. **The channels of trade are the same**

Subject imports and the domestic like product are sold for internal consumption/company transfers or directly to end users.\textsuperscript{36} Thus, "all melamine is sold through identical channels of distribution,"\textsuperscript{37} and subject imports and the domestic like product share the same channels of trade.

4. **Subject imports were sold in the U.S. market throughout the POI**

Melamine from both subject countries was simultaneously present in the U.S. market during the POI. Imports of melamine from China were entered every month during the POI. Imports of melamine from Trinidad & Tobago entered the country in every month but two. \textit{See} Exhibit I-10.

B. **Subject Imports Are Not Negligible From Either Of The Subject Countries**

Imports are not negligible from either subject country. The statute defines "negligible imports" as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than three 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 petitions.\textsuperscript{38} As shown in Exhibit I-11, imports from the subject countries accounted for the following percentages of total imports of melamine by quantity from


\textsuperscript{36} \textit{See Melamine From Japan} at II-1, provided as Exhibit I-2.

\textsuperscript{37} \textit{Id.} at I-9.

October 2013 to September 2014: China (35.0 percent) and Trinidad & Tobago (30.6 percent). Therefore, imports from China and Trinidad & Tobago are not negligible.

C. The Volume Of Subject Imports Is Significant, And The Increase In The Volume Of Subject Imports Is Significant

In evaluating whether there is material injury by reason of subject imports, the Commission must "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." Whether measured on an absolute basis, relative to apparent U.S. consumption, or relative to U.S. production, the volume of subject imports is significant, and the increase in the volume of subject imports is significant.

In 2013, subject imports totaled 49.8 million pounds and constituted 60.5 percent of imports from all countries. In January-September 2014, subject imports constituted 68.2 percent of imports from all countries. In 2013, subject imports equaled approximately [ ] percent of U.S. consumption and [ ] percent of U.S. production. In January-September 2014, subject imports equaled approximately [ ] percent of U.S. consumption and [ ] percent of U.S. production. Accordingly, subject imports are significant within the meaning of the statute in terms of absolute volume and in relation to U.S. consumption and U.S. production.

The increase in subject imports is also significant, both in absolute terms and in relation to U.S. consumption and U.S. production. Although all volume indicators declined from 2011 to 2012, they increased from 2012 to 2013 and from January-September 2013 to January-


40 The volume of subject imports is based on official import statistics, which are provided in Exhibit I-12.

41 Petitioner’s calculation of apparent U.S. consumption and the U.S. market share for imports and the domestic industry is provided in Exhibit I-13. Petitioner’s calculation of the ratio of subject imports to domestic production is provided in Exhibit I-14.
September 2014. Subject imports increased by 14.0 percent from 2012 to 2013 and by 16.3 percent from January-September 2013 to January-September 2014. The ratio of subject imports to U.S. consumption increased from [__] percent in 2012 to [__] percent in 2013 and from [__] percent in January-September 2013 to [__] percent in January-September 2014. Thus, the market share of subject imports reached its highest point at the end of the POI. Similarly, the ratio of subject imports to U.S. production increased from [__] percent in 2012 to [__] percent in 2013 and from [__] percent in January-September 2013 to [__] percent in January-September 2014. These increases in subject imports, both in absolute terms and in relation to U.S. consumption and U.S. production, are significant.

D. Subject Imports Have Significantly Undersold The Domestic Like Product And Have Depressed And Suppressed Domestic Prices

1. Melamine is a price sensitive product

Subject imports and the domestic like product are commercially interchangeable and very good substitutes. Because "melamine is a commodity product,"\textsuperscript{42} sales negotiations are focused on price.

2. Subject imports significantly undersell the domestic like product

Subject imports undersell the domestic like product by significant margins. The existence of underselling is established by both specific price comparisons and an average unit value ("AUV") analysis.

Petitioner has lost a substantial volume of sales and has been forced to lower prices to achieve sales due to significant and pervasive underselling by subject imports. The specific information contained in Cornerstone Chemical’s lost sales and lost revenue allegations supplied with these petitions demonstrates this underselling. See Exhibits I-15 and I-16.\textsuperscript{43} The product-

\textsuperscript{42} Melamine From Japan at 8, provided as Exhibit I-2.

\textsuperscript{43} Petitioner’s lost sales and lost revenues allegations provide as much specificity as possible. In accordance with 19 C.F.R. § 207.11(b)(2)(v), Petitioner will submit all lost sales
specific pricing data to be collected by the Commission will show that imports from each subject country significantly undersold the domestic like product during the POI.

An AUV analysis also indicates significant underselling by subject imports. On a cumulated basis, the AUV for subject imports was lower than the AUV for Cornerstone Chemical’s U.S. commercial shipments by \[ \text{[ ]} \] percent in 2011, \[ \text{[ ]} \] percent in 2012, \[ \text{[ ]} \] percent in 2013, and \[ \text{[ ]} \] percent in January-September 2014. See Exhibit I-17. The degree of underselling \[ \text{[ ]} \] percent in January-September 2013 to \[ \text{[ ]} \] percent in January-September 2014 because Cornerstone Chemical \[ \text{[ ]} \] in 2014 in order to compete with subject imports. Thus, subject imports continue to undersell the domestic like product despite Cornerstone Chemical’s \[ \text{[ ]} \]. In addition, as demonstrated in the lost sales and revenue data, the degree of underselling based on the AUV analysis is understated because all imports from Trinidad & Tobago are through an affiliated U.S. importer, Southern Chemical, that is selling at prices to U.S. customers below CIF import value (transfer price).

3. Significant lost sales and lost revenues

Pervasive underselling by subject imports has caused Cornerstone Chemical to lose substantial sales volume and sales revenues. Cornerstone Chemical’s extensively detailed lost sales and lost revenues allegations are provided in Exhibits I-15 and I-16. The specific allegations indicate lost sales volume involving \[ \text{[ ]} \] key customers of approximately \[ \text{[ ]} \] pounds during the POI. See Exhibit I-15. Cornerstone Chemical’s lost revenues allegations, which relate to negotiations with \[ \text{[ ]} \] key customers, indicate that the company

\[ \text{[ ]} \] and lost revenue allegations electronically in the manner specified in the Commission’s Handbook on Filing Procedures.

\[ \text{[ ]} \] Information on the affiliation between the sole producer in Trinidad & Tobago and Southern Chemical is provided in Volume III of these petitions.
lost at least [ ] in revenues by meeting the lower prices of subject imports during the POI. See Exhibit I-16. The lost revenue reported in the allegations is substantially understated because the revenue is calculated based on Cornerstone Chemical’s [ ]. Each initial offer price is already substantially depressed by the adverse volume and price effects of dumped imports. Therefore, Cornerstone Chemical experienced much more significant lost revenue than captured in the conservative calculations used for its allegations.

4. Products for which the Commission should seek quarterly pricing data

Petitioner recommends that the Commission collect product-specific pricing data on the following products:

Product 1: Unground melamine crystal in bulk.

Product 2: Unground melamine crystal in bags of 1,000 pounds or more.

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

E. Subject Imports Have Had A Severe, Adverse Impact On The Domestic Industry

1. Trade data

During the POI, and particularly beginning in 2012, the domestic industry lost significant market share to subject imports. As the domestic industry lost [ ] percentage points of market share from 2012 to 2013, subject imports gained [ ] percentage points of market share. In January-September 2014, Cornerstone Chemical’s market share declined to its lowest point of the POI ([ ] percent), while subject imports’ market share reached its highest point ([ ] percent) during the POI. See Exhibit I-13. This loss of market share caused Cornerstone Chemical’s U.S. shipments, production, and capacity utilization [ ]. Petitioner’s U.S. shipments [ ] percent from 2011 to 2013 and another [ ] percent from January-September 2013 to January-September 2014. Petitioner’s production [ ]

2. **Financial data**


3. **Capital expenditures**


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VI. THE DOMESTIC INDUSTRY IS THREATENED WITH FURTHER MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

A. The Commission Should Exercise Its Discretion To Cumulate Subject Imports

The evidence relating to the Commission’s traditional cumulation factors establishes a reasonable overlap in competition between subject imports and the domestic like product. See Section V.A., supra. Therefore, cumulation is mandatory for the Commission’s analysis of material injury.

The four cumulation criteria evaluated in the context of present material injury—fungibility, channels of trade, geographic overlap, and simultaneous market presence—likewise strongly support exercise of the Commission’s discretion to cumulate subject imports in evaluating threat of material injury. The evidence with respect to these factors is compelling, and there is no indication that there will be any significant changes with respect to these criteria in the imminent future.

B. The Volume Of Subject Imports Is Likely To Increase

1. Subject producers in China and Trinidad & Tobago receive significant countervailable subsidies

The Government of China and the Government of Trinidad & Tobago have encouraged the establishment and growth of capacity by providing subsidies to their melamine producers. Information on these programs is provided in Volumes IV-V of these petitions. These countervailable subsidies create a significant likelihood that low-priced, subsidized imports from China and Trinidad & Tobago will continue their rapid penetration of the U.S. market.

2. Subject producers possess excess capacity and are export-oriented

Subject producers have underutilized capacity, are increasing capacity for melamine, and are export-oriented.
a.  China

The production of melamine and the growth of melamine capacity in China are promoted by Chinese government policies and programs. *See* Volume IV of these petitions. In 2013, Chinese producers of melamine used only [ ] percent of their capacity.\(^{45}\) With a 2013 capacity of [ ] metric tons ("MT") ([ ] pounds),\(^{46}\) Chinese producers have the ability to increase production of melamine by approximately [ ] MT ([ ] pounds) solely with excess capacity. Given that total U.S. consumption of melamine was [ ] in 2013,\(^{47}\) existing excess capacity in China is sufficient to supply the U.S. market many times over. In addition, according to the 8th China Melamine and Downstream Industry Development & Promotion Summit held in September 2014, Chinese producers’ melamine production capacity grew to 2.6 million MT (5.7 billion pounds) in 2014.\(^{48}\) Capacity utilization is projected to be only [ ] percent in 2014.\(^{49}\)

Despite this massive amount of excess capacity, melamine capacity in China continues to expand rapidly.\(^{50}\) For example, Eurotecnica Contractors & Engineers S.p.A., a leading Italian company in the melamine industry, was awarded a contract in October 2013 to build a high-pressure melamine facility in Xinjiang, China that will have an initial annual melamine capacity

\(^{45}\) *CEH Melamine* at 92, provided as Exhibit I-1.

\(^{46}\) *Id.*

\(^{47}\) *See* Exhibit I-13 (U.S. Consumption And Market Shares).

\(^{48}\) "Melamine Enterprises Pay Attention to the Development of Downstream Application Areas,” *China Petroleum and Chemical Network TV* (Sept. 25, 2014), provided as *Exhibit I-21(A)* (with translation). *CEH Melamine* projected 2014 Chinese melamine capacity to be [ ]. *CEH Melamine* at 92, provided as Exhibit I-1.

\(^{49}\) *CEH Melamine* at 92, provided as Exhibit I-1.

\(^{50}\) "Chinese Melamine Industry Enters the Time of Survival of the Fittest,” *S&P Consulting* (Sept. 16, 2014), provided as *Exhibit I-21(B)* (with translation).
of 60,000 MT (132.3 million pounds), and an eventual annual melamine capacity of 180,000 MT (396.8 million pounds).\textsuperscript{51} Eurotecnica also was awarded a contract for a melamine plant in Xinjiang that will have an annual capacity of 80,000 MT (176.4 million pounds).\textsuperscript{52} These two facilities alone would allow Chinese producers to export nearly 575 million pounds of melamine to the United States, which is nearly seven times the volume of U.S. imports of melamine from all countries in 2013.

Other melamine plants are also being built in Xinjiang. Kuitun Jinjiang Chemical Co., Ltd. started the construction of a 120,000 MT (264.6 million pounds) melamine plant in Kuitun-Duzishan Economic & Technological Development Zone in April 2014.\textsuperscript{53} Xinjiang Yihua Chemical Co., Ltd. is building a 200,000 MT (440.9 million pounds) plant in Xinjiang, and Xinjiang Golden-Elephant Sincerity Coal Chemical Technology Co., Ltd. is building a 100,000 MT (220.5 million pounds) melamine plant in Xinjiang.\textsuperscript{54} The construction period for both projects is scheduled for 2013 to 2015.\textsuperscript{55} Sichuan Chemical Industry Holding (Group) Co. Ltd. also is building a 200,000 MT (440.9 million pounds) melamine plant that is expected to start up

\textsuperscript{51} Eurotecnica, “Breaking News – Eurotecnica Awarded A Contract For The Implementation Of Its 20th Melamine Production Plant: 60,000 Ton/Year Single Reactor,” (Oct. 1, 2013), provided as Exhibit I-21(C).

\textsuperscript{52} Eurotecnica, “Eurotecnica Has Been Awarded A Contract For A 80,000 Ton/Year Single Train High Pressure Melamine Plant To Be Implemented In China,” (Dec. 13, 2012), provided as Exhibit I-21(D).

\textsuperscript{53} Economic & Information Commission of Xinjiang Uyghur Autonomous Region, “Kuitun-Dushanzi Economic & Technological Development Zone Successfully Held Kickoff Ceremony for 2014 RMB 100 Million Projects,” (May 9, 2014), provided as Exhibit I-21(E) (with extract translation).

\textsuperscript{54} Development and Reform Commission of Changji Hui Autonomous Prefecture, “Construction List of 2013 Key Projects of the Autonomous Prefecture (New Projects),” (May 28, 2013), provided as Exhibit I-21(F) (with extract translation).

\textsuperscript{55} \textit{Id.}
in 2015.\textsuperscript{56} China XLX Fertiliser Ltd. announced that it will build a plant that will include a 100,000 MT (220.5 million pounds) melamine unit.\textsuperscript{57} Zhongheng Junhua Energy Technology Co., Ltd. is building a 100,000 MT (220.5 million pounds) melamine plant in Hutubi County, Xinjiang.\textsuperscript{58} This project’s registration was completed in February 2014, and it is scheduled to be completed within two years.\textsuperscript{59} 

Melamine expansion also is occurring in other areas of China. [60]

Shandong Hualu-Hengsheng Chemical Co. Ltd. is building a 100,000 MT (220.5 million pounds) melamine plant via two stages.\textsuperscript{61} The first stage of the project, which will have a capacity of 50,000 MT (110.2 million pounds), has been completed.\textsuperscript{62} 

\textsuperscript{56} Viola Pan, “China’s Sichuan Chemical Industry to build ammonia, melamine units,” \textit{ICIS News} (Sept. 17, 2012), provided as Exhibit I-21(G).

\textsuperscript{57} China XLX Fertiliser Ltd., “The Proposed Construction Of A Fifth Production Plant And Expansion Of Production Capacity,” (May 25, 2012), provided as Exhibit I-21(H).

\textsuperscript{58} Development and Reform Commission of Hutubi County, “Zhongheng Junhua Ammonia and Hydrocarbon Joint Production Project’s Preliminary Work Proceeds Smoothly,” (Feb. 8, 2014), provided as Exhibit I-21(I) (with extract translation).

\textsuperscript{59} Id.

\textsuperscript{60} \textit{CEH Melamine} at 91-92, provided as Exhibit I-1.

\textsuperscript{61} Announcement of Shandong Hualu-Hengsheng Chemical Co., Ltd. on the Resolution of 2011 Third Temporary Meeting of the Fourth Session of the Board of Directors (Sept. 6, 2011), provided as Exhibit I-21(J) (with extract translation).
pounds), started trial production in April 2014.\textsuperscript{62} Shanxi Fenghe Melamine Co., Ltd. is planning to build two 60,000 MT (combined 264.6 million pounds) melamine plants.\textsuperscript{63} Hexibao Town of Gansu Province is building a 40,000 MT (88.2 million pounds) melamine plant, and the construction period of that plant is scheduled for 2012 to 2014.\textsuperscript{64}

The large scales of these melamine expansions are mandated by Chinese government regulations, which require that [\textsuperscript{65}]

The United States imported 23.3 million pounds of melamine from China in 2013,\textsuperscript{66} which means that the minimum capacity for a single new melamine plant or expansion in China, as required by Chinese law, must exceed the current volume of all U.S. imports of melamine from China. When combining the expected capacity of these projects and others that are planned or being built, Chinese producers are adding well in excess of 1 million MT (2.2 billion pounds) of annual melamine production capacity to an industry that already is operating at a low rate of capacity utilization.

\textsuperscript{62} Announcement of Shandong Hualu-Hengsheng Chemical Co., Ltd. on the 100,000 MT/year Melamine Project (First Stage) Production Line Starting Production (April 30, 2014), provided as \textbf{Exhibit I-21(K)} (with extract translation).

\textsuperscript{63} “Melamine Enterprises Try Best to Respond to Overcapacity,” \textit{China Chemical News} (Aug. 14, 2013), provided as \textbf{Exhibit I-21(L)} (with extract translation).

\textsuperscript{64} People’s Government of Yongchang County, “Chart of the ‘12\textsuperscript{th} Five-Year’ Plan Projects of Hexibao Town,” (accessed Oct. 25, 2014), provided as \textbf{Exhibit I-21(M)} (with extract translation).

\textsuperscript{65} \textit{See CEH Melamine} at 90, provided as Exhibit I-1.

\textsuperscript{66} \textit{See} Exhibit I-12 (U.S. Imports Of Melamine).
The tremendous growth of Chinese melamine production capacity has outpaced growth in Chinese consumption and will continue to do so.\textsuperscript{67} At the end of 2012, Chinese melamine capacity was 1.6 million MT (3.5 billion pounds), while Chinese consumption was only approximately 600,000 MT (1.3 billion pounds).\textsuperscript{68} By 2014, China’s melamine capacity reached 2.6 million MT (5.7 billion pounds), although Chinese consumption was only 920,000 MT (2.0 billion pounds).\textsuperscript{69} This enormous supply/demand imbalance forces Chinese producers to focus on exports for sales of melamine. China already is the largest exporter of melamine in the world. Its exports accounted for nearly [ ] percent of melamine production in 2013.\textsuperscript{70}

Chinese melamine producers are becoming increasingly export-oriented. At the 7th China Melamine and Downstream Industry Development & Promotion Summit, held in August 2013, experts expressed the view that because the overcapacity problem has worsened, capacity utilization has fallen, and the competition among enterprises has intensified, the melamine industry should continue expanding exports.\textsuperscript{71} The upward trend of Chinese exports demonstrates this point: Chinese exports of melamine increased by [ ] percent from 2011 to 2013.\textsuperscript{72} In addition, the U.S. market became even more attractive to the Chinese producers after the European Commission and India imposed antidumping duties on imports of melamine from

\textsuperscript{67} Even with an anticipated [ ] percent increase in Chinese consumption from 2013 to 2018 [ ], the capacity expansions described above will far exceed this growth in consumption. See \textit{CEH Melamine} at 92, provided as Exhibit I-1.


\textsuperscript{69} See “Melamine Enterprises Pay Attention to the Development of Downstream Application Areas,” provided as Exhibit I-21(A) (with extract translation).

\textsuperscript{70} \textit{CEH Melamine} at 95-96, provided as Exhibit I-1.

\textsuperscript{71} “Melamine Industry Is Looking for Turnaround Way,” provided as Exhibit I-21(N).

\textsuperscript{72} \textit{CEH Melamine} at 95-96, provided as Exhibit I-1.
China. See Section VI.B.3., infra. Chinese producers [ ]

Much of these exports will come to the United States.

Chinese melamine producers have a massive amount of excess production capacity, are rapidly expanding their capacity, and are export-oriented. They also face significant antidumping duties in other export markets. See Section VI.B.3., infra. These developments pose a significant threat of material injury to the U.S. melamine industry.

b. Trinidad & Tobago

The production of melamine and the growth of melamine capacity in Trinidad & Tobago are promoted by Trinidadian government policies and programs. See Volume V of these petitions. In 2013, the lone Trinidadian producer of melamine, MHTL, used only [ ] percent of its annual melamine capacity of 60,000 MT (132.3 million pounds). Thus, solely with excess capacity, MHTL could increase its exports of melamine to the United States many times over.

Despite this significant amount of excess capacity, MHTL plans to expand its melamine capacity. Construction for the “AUM II” project was approved in 2011, but was delayed due to a dispute between minority shareholders of MHTL and the Government of Trinidad & Tobago that went to arbitration. The arbitrators issued a ruling that appeared to resolve the dispute in September 2014, which clears the path for MHTL to continue its plans for capacity expansion. In 2013, the company announced that it hoped to begin construction of the new plant in the

73 Id. at 96.
74 Id. at 50-51.
76 See “UK arbitrators value MHTL asset at $7.4b: Government unhappy with ruling,” The Trinidad & Tobago Guardian (Sept. 13, 2014), provided as Exhibit I-22(B).
second quarter of 2014 and finish construction in the third quarter of 2017.\textsuperscript{77} The project is anticipated to have an annual melamine capacity in excess of 40,000 MT (88.2 million pounds).\textsuperscript{78}

In addition to existing excess capacity and future capacity expansion, MHTL is highly export-oriented. MHTL exported [ ] percent of the [ ] MT of melamine it produced in 2013.\textsuperscript{79} Thus, MHTL can use its existing and future capacity to significantly increase its exports to the United States, which is its largest export market.

3. **Significant antidumping duties imposed by the European Commission and India on imports of melamine from China make the U.S. market an attractive export market**

Significant antidumping duties imposed by the European Commission and India on imports of melamine from China make the United States an attractive export market for Chinese producers of melamine. In May 2011, the European Commission imposed definitive antidumping measures against imports of melamine from China. The European Commission imposed a “minimum import price” of EUR 1,153/MT for three named Chinese producers. If imports from a named producer enter the European Union at a price that is below the minimum import price, the importer must pay the difference between the actual price and the minimum

\textsuperscript{77} Shastri Boodan, “MHTL starts consultation on its US$2b AUM II complex,” *The Trinidad & Tobago Guardian* (Feb. 28, 2013), provided as Exhibit I-22(C).

\textsuperscript{78} Id. According to the website of Industrial Plant Services Limited, which manages and operates the complex where MHTL produces melamine, the “design basis for {the AUM (ammonia, urea, and melamine) Division} is to produce . . . 180,000 metric tonnes per year {396.8 million pounds} of melamine.” Industrial Plant Services Limited, “About IPSL,” (accessed Nov. 7, 2014), provided as Exhibit I-22(D). Thus, MHTL’s melamine production capacity may be understated, and the significant excess capacity may be even greater. It is unclear whether this number includes the potential new capacity for AUM II. Even if it does not include the new capacity for AUM II, MHTL clearly has significant capacity for melamine production that poses a threat of material injury to the U.S. melamine industry.

\textsuperscript{79} *CEH Melamine* at 51, provided as Exhibit I-1.
import price. Imports from all other producers are subject to a specific duty of EUR 415/MT on imports of melamine. See Exhibit I-23.

In a November 2009 sunset review, India continued its antidumping order against imports of melamine from China and imposed a new definitive antidumping duty on all Chinese imports. If Chinese imports enter India at a price that is below the “reference price” of $1,681.49/MT, the producer must pay the difference between the actual price and the reference price. See Exhibit I-24. In order to avoid significant antidumping duties in these markets, Chinese producers will use their growing excess capacity to send low-priced melamine to the United States.

4. Subject imports and subject imports’ market penetration are rapidly increasing

Subject imports increased by 14.0 percent from 2012 to 2013 and by another 16.3 percent from January-September 2013 to January-September 2014. See Exhibit I-12. In addition, subject imports’ market penetration increased from [ ] percent in 2012 to [ ] percent in 2013 and from [ ] percent in January-September 2013 to [ ] percent in January-September 2014. See Exhibit I-13. These trends indicate that the volume of subject imports and subject imports’ market penetration are likely to increase.

C. Subject Imports Are Likely To Depress Or Suppress U.S. Prices For The Domestic Like Product And Are Likely To Increase Demand For Further Imports

Melamine is sold largely on the basis of price. Subject foreign producers have increased their market share by offering lower prices than quoted by domestic producers. Underselling by subject imports is pervasive, and the underselling margins are sufficient to take a significant volume of sales from the domestic industry. To maintain sales volume, Cornerstone Chemical must reduce prices or limit necessary price increases to avoid losing sales to subject imports. The commercial interchangeability of subject imports and the domestic like product and the adverse prices effects of subject imports are documented in the lost sales and lost revenues
allegations contained in these petitions. See Exhibits I-15 and I-16. The pattern of underselling and price depression or suppression is likely to continue, and subject imports’ low prices are likely to increase demand for further imports.

D. The Domestic Industry Is Vulnerable To Subject Imports

The weakened financial condition of the domestic industry makes it vulnerable to material injury from dumped and subsidized imports. During the POI, the domestic industry suffered [ ] from 2011 to 2013. See Section V.E., supra. The domestic industry’s operating income margin was [ ] percent during January-September 2014. See Exhibit I-19. The industry is highly vulnerable to material injury by subject imports.

Moreover, apparent U.S. consumption of melamine declined by [ ] percent from 2011 to 2013. See Exhibit I-13. Thus, the domestic industry and subject imports are competing for sales in a market where consumption has diminished during the POI. As a result, market conditions also make Cornerstone Chemical vulnerable to further lost sales and lost revenues.

VII. CONCLUSION

As set forth in the other volumes of these petitions, imports of melamine from China and Trinidad & Tobago are sold at less than fair value in the United States, and imports of melamine from China and Trinidad & Tobago are subsidized by their respective governments. The domestic industry is materially injured and threatened with additional material injury by reason of the subject imports.
Accordingly, Commerce should initiate these investigations and make affirmative
determinations of dumping and countervailable subsidies, and the Commission should make
affirmative determinations of material injury by reason of the dumped and subsidized imports.

Respectfully submitted,

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EXHIBIT I-1
ENTIRE EXHIBIT NOT SUSCEPTIBLE TO PUBLIC SUMMARY
Melamine From Japan

Investigation No. AA1921-162 (Review)

Publication 3209

U.S. International Trade Commission

Washington, DC 20436
U.S. International Trade Commission

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Investigation No. AA1921-162 (Review)

MELAMINE FROM JAPAN

DETERMINATION

On the basis of the record developed in the subject five-year review, the United States International Trade Commission determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping finding on melamine from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on August 3, 1998 (63 F.R. 41282) and determined on November 5, 1998 that it would conduct a full review (63 F.R.63747, November 16, 1998). Notice of the scheduling of the Commission’s review and of a public hearing 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 on January 13, 1999 (64 F.R. 2233). The hearing was held in Washington, DC, on May 20, 1999, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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1 The record is defined in sec. 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR § 207.2(f)).
2 Vice Chairman Miller and Commissioner Askey dissenting.
VIEWs OF THE COMMISSION

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping finding covering melamine from Japan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹

I. BACKGROUND

In December 1976, the Commission determined that a domestic industry was being injured and was likely to be injured by reason of imports of melamine from Japan.² On February 2, 1977, the Department of Treasury published an antidumping finding on melamine from Japan.³ On August 3, 1998, the Commission instituted a review pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act") to determine whether revocation of the antidumping finding on melamine from Japan would likely lead to continuation or recurrence of material injury.⁴

In five-year reviews, the Commission initially determines whether to conduct a full review (which would generally include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review. First, the Commission determines whether individual responses to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties -- domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.⁵ If the Commission finds the responses from both groups of interested parties to be adequate, it will determine to conduct a full review.

In this review, the Commission received responses to the notice of institution from one of two domestic producers, Melamine Chemicals, Inc. ("MCI"), and from one importer, Taiyo America, Inc. ("Taiyo"), one of *** importers of the product from Japan in 1997 and 1998. No Japanese producers responded to the notice. On November 5, 1998, the Commission determined that both individual interested party responses to its notice of institution were adequate, that the domestic interested party group response was adequate, and that the respondent interested party group response was adequate.⁶ Accordingly, the Commission decided to conduct a full five-year review.⁷ Only MCI filed a notice of appearance and participated in the proceeding as a party.

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¹ Vice Chairman Miller and Commissioner Askey dissenting. They determine that revocation of the antidumping finding covering melamine from Japan would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Vice Chairman Marcia E. Miller and Commissioner Thelma J. Askey.
² Melamine in Crystal Form from Japan, Inv. No. AA1921-162, USITC Pub. 796 (Dec. 1976) ("Original Determination").
⁵ See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).
⁷ Id. Commissioner Crawford concluded that the domestic and respondent group responses were inadequate and voted for an expedited review. Commissioner Hillman concluded that the domestic group response was adequate and that the respondent group response was inadequate, but found that other circumstances warranted a full review.
II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry." The Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle." In its final five-year review determination, Commerce defined the merchandise subject to the finding as "melamine, in crystal form, from Japan." On February 28, 1997, Commerce determined that melamine, in crystal form, with special physical characteristics (i.e., 100 percent of the particles are smaller than 10 microns) was also within the scope of the finding. Melamine is a fine, white crystalline powder that is used primarily 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.

The starting point of our like product analysis in a five-year review is the like product definition in the Commission's original determination. Because the Antidumping Act, 1921, did not contain a "like product" provision, the Commission did not make a like product determination per se in its original determination. Instead, it stated that "melamine, by and large, is a uniform end product" and that the "domestic industry" at issue consists "of the facilities devoted to the production of melamine in the United States." Thus, in the context of current statutory terminology, the Commission effectively treated all melamine, in crystal form, as a single domestic like product. We see no circumstances in this case that would warrant a different approach.

In its response to the notice of institution, Taiyo, an importer of Japanese melamine, argues that the Commission should consider the fine, particle-sized melamine that it imports for its specialty ink applications -- melamine crystal of a particle size of less than 10 microns -- to be a separate like product. MCI disputes Taiyo's assertion and argues that the Commission should determine that there is one domestic like product comprising melamine in crystal form of all particle sizes, and we agree.

Regardless of particle size, the chemical composition of all melamine is similar. While users prefer certain sizes for their specific processes, it appears that there is significant interchangeability among melamine of different particle sizes. In addition, all melamine is produced on process specific equipment using the same employees and is sold through identical channels of distribution. Should a

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12 Confidential Staff Report ("CR") at I-9, Public Staff Report ("PR") at I-7.
13 Original Determination at 3.
14 CR at I-13, PR at I-9.
15 See CR at I-13, PR at I-9.
16 MCI's Posthearing Brief at A-44.
17 CR at I-13, PR at I-9. Before the melamine is ground, if necessary, domestic producers utilize high- and low-pressure processes to manufacture melamine and the equipment used is specific to that particular process. Thus, the manufacturing process and the equipment used are not exactly the same throughout the domestic industry,
smaller particle size be desired, customers may have the melamine ground, as grinding is a relatively minor operation and would be the last step in the production process.\textsuperscript{18} Melamine ground to specific sizes may command a price premium,\textsuperscript{19} although the quantification of such a premium is in dispute.\textsuperscript{20} On the basis of similar chemical composition, the same channels of distribution, production facilities and employees, and significant interchangeability, we determine that the product most similar to melamine crystal of a particle size of less than 10 microns is all melamine in crystal form.\textsuperscript{21}

Accordingly, we find that there is one domestic like product in this review, consisting of all melamine in crystal form and inclusive of all particle sizes.

B. \textbf{Domestic Industry}

Section 771(4)(A) of the Act defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.\textsuperscript{22} 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, captive consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.\textsuperscript{23} Accordingly, based on the definition of the domestic like product as determined above, we find that for the purposes of this review the domestic industry includes the two domestic producers of melamine in crystal form. These producers are MCI and American Melamine Industries (''AMEL''), which is a joint venture between Cytec Melamine, Inc. (''Cytec'') and DSM Melamine Americas, Inc. (''DSM'').

\textsuperscript{17}(...continued) although all domestic producers use a low-pressure process and one also uses a high-pressure process. \textit{See} CR at I-11 - I-12, PR at I-8 - I-9.

\textsuperscript{18} MCI's Prehearing Brief at 9-10; MCI's Posthearing Brief at A-43; \textit{see} CR at I-11, PR at I-8.

\textsuperscript{19} CR at I-14, PR at I-10; \textit{see} MCI's Posthearing Brief at Exh. P.

\textsuperscript{20} MCI claims that prices ***, MCI's Posthearing Brief at A-45; \textit{see} Tr. at 36-37.

\textsuperscript{21} We note that the Commission "generally has not drawn lines based solely on size, and has looked for other points of distinction before finding separate like products." \textit{Heavy Forged Handtools from the People's Republic of China}, Inv. No. 731-TA-457 (Final), USITC Pub. 2357, at 7-8 (Feb. 1991), \textit{citing Sweaters Wholly or in Chief Weight of Manor Made Fibers from Hong Kong, the Republic of Korea and Taiwan}, Inv. Nos. 731-TA-488-450 (Preliminary), USITC Pub. 2234, at 4-5 (Nov. 1989). \textit{See also Color Picture Tubes from Canada, Japan, the Republic of Korea, and Singapore}, Inv. Nos. 731-TA-367-370 (Final), USITC Pub. 2046 (Dec. 1987) (all color picture tubes are one like product regardless of size). With regard to Taiyo's imports of melamine crystal of a particle size of less than 10 microns, we note that while there is domestic production of melamine crystal of a particle size of greater than 10 microns, and there are imports of such melamine, there is no domestic production of melamine crystal of a particle size of less than 10 microns. \textit{See} Tr. at 36. If there is no domestic production "like" the subject imports, the Commission must find the domestic product that is "most similar in characteristics and uses with" the imports. 19 U.S.C. § 1677(10). Accordingly, the product most similar to melamine crystal of a particle size of less than 10 microns is all melamine in crystal form. \textit{See Certain Hot-Rolled Steel Products from Brazil, Japan, and Russia}, Invs. Nos. 701-TA-384 & 731-TA-806-808 (Preliminary), USITC Pub. 3142, at 5 n.14 (Nov. 1998).

\textsuperscript{22} 19 U.S.C. § 1677(4)(A).

\textsuperscript{23} \textit{See}, \textit{e.g.}, \textit{United States Steel Group v. United States}, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), \textit{aff'd}, 96 F.3d 1352 (Fed. Cir. 1996).
the industry is related to the finding under review, and whether the industry is vulnerable to material injury if the finding is revoked.\textsuperscript{31} \textsuperscript{32}

The statute provides that when an interested party withholds information that has been requested by the Commission, the Commission may "use the facts otherwise available in reaching" its determination.\textsuperscript{33} \textsuperscript{34} As noted above, no Japanese producers responded to the Commission's notice of institution, nor did any respond to foreign producer questionnaires.\textsuperscript{35} Accordingly, with respect to the foreign industry, we have relied on the facts available in this review, which consist primarily of the record in the original investigation, information collected by Commission staff since the institution of this review, including information obtained from SRI International,\textsuperscript{36} and information provided by MCI.

For the reasons stated below, we determine that revocation of the antidumping finding on melamine from Japan would be likely to lead to continuation or recurrence of material injury to the domestic melamine industry within a reasonably foreseeable time.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if the finding is revoked, the statute directs the Commission to evaluate all relevant economic factors "within the context

\textsuperscript{31} 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

\textsuperscript{32} Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings "the findings of the administrative authority regarding duty absorption." 19 U.S.C. § 1675a(a)(1)(D). Commerce did not issue any duty absorption findings in this matter. See 63 Fed. Reg. at 67656.

\textsuperscript{33} 19 U.S.C. § 1677e(a). The statute permits the Commission to use adverse inferences in selecting from among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from information from the record of our original determination and any other information placed on the record. Id.

\textsuperscript{34} Chairman Bragg and Commissioner Kaplan note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but emphasize that such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. "[T]he Commission balances all record evidence and draws reasonable inferences in reaching its determinations." SAA at 869 [emphasis added]. Practically speaking, when only one side has participated in a five-year review, much of the record evidence is supplied by that side, although that data is supplemented with publicly available information. We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." Id.

\textsuperscript{35} While Taiyo did respond to an importer questionnaire, it did not file briefs or participate in the hearing.

of the business cycle and conditions of competition that are distinctive to the affected industry.\textsuperscript{37} In performing our analysis under the statute, we have taken into account the following conditions of competition in the U.S. market for melamine.

First, melamine is a commodity product, and U.S. and Japanese melamine are largely interchangeable; \textit{i.e.}, there is a moderate to high degree of substitutability between U.S. and Japanese melamine.\textsuperscript{38} While price is an important factor in the sale of melamine, quality and product availability may be equal, if not more important, considerations in purchasing decisions.\textsuperscript{39} In the original investigation, all responding purchasers stated that the price of melamine was the controlling factor in their purchasing decisions.\textsuperscript{40}

As was the case in the original investigation, the demand for melamine is primarily dependent upon the economic strength of the \textit{***}, which are the chief consumers of melamine.\textsuperscript{41} As such, the market for melamine has grown significantly from the time of the original investigation until the present,\textsuperscript{42} commensurate with overall economic growth.

In addition, as in the original investigation, there are few domestic and foreign producers.\textsuperscript{43} The business cycle for melamine is affected by urea prices and capacity changes, as well as U.S. economic growth.\textsuperscript{44} The industry is capital intensive and when investment in new capacity occurs, fixed costs increase and declines in profitability result due to increased operating costs and problems in ramping up the new capacity. When these problems are resolved and the new capacity has been in use for a suitable period of time (\textit{i.e.}, "matures"), costs decline and profitability rises.\textsuperscript{45}

We note that the quantity of non-subject imports of melamine is small but growing. Between 1997 and 1998, the market share of non-subject imports increased from *** percent to *** percent.\textsuperscript{46} In contrast, the quantity of non-subject imports declined steadily from *** in 1973 to *** in 1975.\textsuperscript{47}

U.S. producers reported that in 1998 *** of their melamine production went to end users and *** was for internal consumption/company transfers. During the original investigation, captive use/internal company transfers also accounted for approximately one-third of annual U.S. production.\textsuperscript{48} We have

\textsuperscript{37} 19 U.S.C. § 1675a(a)(4).
\textsuperscript{38} The degree of substitution between domestic and imported melamine depends upon such factors as relative prices, quality (\textit{e.g.}, purity), and conditions of sale (\textit{e.g.}, price discounts/rebates, payment terms, and product support). CR at II-9, PR at II-6.
\textsuperscript{39} CR at II-10 - II-11, PR at II-6 - II-7.
\textsuperscript{40} \textit{Original Determination} at 7-8.
\textsuperscript{41} CR at II-6, PR at II-4; \textit{see} \textit{Original Report} at A-14 - A-15.
\textsuperscript{42} Apparent U.S. consumption of melamine increased, in terms of quantity, from *** pounds in 1975 to *** pounds in 1998. In terms of value, apparent U.S. consumption increased from *** in 1975 to *** in 1998. U.S. production increased over the same period from *** pounds to *** pounds and the quantity of U.S. shipments increased from *** pounds to *** pounds. CR/PR at Table I-1.
\textsuperscript{43} At the time of the original investigation, there were three domestic and three Japanese producers of melamine. \textit{Original Staff Report} at A-9, A-32. There are currently two firms comprising the domestic industry and three Japanese producers. CR/PR at Table I-4.
\textsuperscript{44} CR at II-3, PR at II-2.
\textsuperscript{45} CR at II-3 n.7, D-3, D-5; PR at II-2 n.7, D-3, D-4; MCI's Posthearing Brief at A-28.
\textsuperscript{46} Non-subject imports increased from *** pounds in 1997 to *** pounds in 1998. The value of these imports increased from *** to *** during the same period. CR/PR at Table I-5. Non-subject imports' share of the value of apparent consumption increased from *** percent in 1997 to *** percent in 1998. CR/PR at Table I-6.
\textsuperscript{47} \textit{Original Report} at Table 6.
\textsuperscript{48} CR/PR at II-1 & n.1. MCI interprets "company transfers" to include arms-length sales to its related companies: Borden Chemical, Inc. and Sun Coast Industries. (Borden purchased MCI in 1997 and purchased Sun (continued...)}
considered captive consumption as a condition of competition in our analysis of whether the industry is likely to be materially injured by subject imports if the finding is revoked.\textsuperscript{49} 50 In this review, the significance of the amount of captive production is diminished because of the arms-length nature of MCI's transfers to related companies, which account for a significant portion of the domestic production that could potentially be considered as internally produced.\textsuperscript{51} 52

Based on the record evidence, we find that these conditions of competition in the melamine market are not likely to change significantly in the reasonably foreseeable future. Accordingly, in this review, we find that current conditions in the melamine market provide us with a reasonable basis from which to assess the likely effects of revocation of the antidumping finding within a reasonably foreseeable time.\textsuperscript{53}

C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the finding under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.\textsuperscript{54} In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country,

\textsuperscript{49} (...continued)

Coast in 1998. Sun Coast is now known as Plastics Manufacturing Co., Division of Borden Chemical, Inc.) MCI explains that it manufactures only one product – melamine – and does not internally consume any of it. Rather, it sells a portion of its production to these companies at ***. MCI's Posthearing Brief at A-15, A-27; Tr. at 42, 44. MCI shipped *** percent of its melamine to these companies in 1997 and *** percent in 1998. CR at III-A-3, PR at III-2. Cytec and DSM each have rights to half of the output of their joint venture AMEL, which is the only other domestic producer. See CR at I-15, PR at I-10. Cytec consumed internally *** percent of its AMEL-produced melamine in 1997 and *** percent in 1998. CR at III-A-3, PR at III-2.

\textsuperscript{50} See generally Sebacic Acid from China, Inv. No. 731-TA-653 (Review), USITC Pub. 3189, at 7 n.26 (May 1999), in which we stated that the captive production provision is not applicable to five-year review investigations. We note that the determination in that case should have referred to 19 U.S.C. § 1677(7)(C)(iv).

\textsuperscript{51} Commissioners Hillman and Koplan are reexamining whether or not the captive production provision applies to five-year reviews. They note that in neither Sebacic Acid nor in any other five-year review, including this one, has the Commission had the benefit of parties' arguments in favor of or against the application of the captive production provision to five-year reviews.

\textsuperscript{52} We take no position on whether transfers to a related company (such as those by MCI) constitute internal transfers for the purpose of the captive production provision. While we are not applying the captive production provision to this review, we note that our conclusion would not differ even if we were to focus primarily on the merchant market for melamine.

\textsuperscript{53} Commissioner Crawford does not join this sentence or the preceding footnote.

\textsuperscript{54} In analyzing whether revocation of a finding or order would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time, Commissioner Crawford takes as her starting point the date on which the revocation would actually take place. In this review, the finding would be revoked in January 2000. 19 U.S.C. § 1675(c)(6)(A)(iv).

\textsuperscript{55} 19 U.S.C. § 1675a(a)(2).
PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

In 1975, MCI\(^1\) filed a complaint with Treasury alleging that melamine crystals (hereinafter melamine)\(^2\) imported from Japan were being sold in the United States at LTFV. Treasury instituted an investigation on December 19, 1975, and on September 20, 1976, advised the U.S. Tariff Commission (now the U.S. International Trade Commission) that melamine in crystal form from Japan was being sold in the United States at LTFV within the meaning of the Antidumping Act, 1921, as amended. Accordingly, the Commission, on October 6, 1976, instituted investigation No. AA1921-162 to determine whether an industry in the United States was being or was likely to be injured, or was prevented from being established, by reason of the importation of such merchandise into the United States. On December 20, 1976, the Commission determined that a domestic industry was being injured and was likely to be injured by LTFV imports of melamine from Japan.\(^3\) Treasury published an antidumping duty finding in the Federal Register on February 2, 1977.

On August 3, 1998, the Commission instituted a five-year review concerning the antidumping finding on melamine from Japan. On November 5, 1998, the Commission determined that a full review should proceed to determine whether revocation of the finding would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.\(^4\) Information relating to the background of the review is provided in the following tabulation:\(^5\)

<table>
<thead>
<tr>
<th>Effective date</th>
<th>Action</th>
<th>Federal Register citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2, 1977</td>
<td>Treasury's antidumping duty finding</td>
<td>42 FR 6366</td>
</tr>
<tr>
<td>August 3, 1998</td>
<td>Commission's institution of five-year review</td>
<td>63 FR 41282</td>
</tr>
<tr>
<td>November 5, 1998</td>
<td>Commission's decision to conduct a full review</td>
<td>63 FR 63747 (Nov. 16, 1998)</td>
</tr>
<tr>
<td>December 8, 1998</td>
<td>Commerce's final results of expedited sunset review</td>
<td>63 FR 67654</td>
</tr>
<tr>
<td>December 23, 1998</td>
<td>Commission's scheduling of full review</td>
<td>64 FR 2233 (Jan. 13, 1999)</td>
</tr>
<tr>
<td>May 20, 1999</td>
<td>Commission's hearing(^1)</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

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\(^1\) On Nov. 14, 1997, MCI became a wholly-owned subsidiary of Borden.

\(^2\) For the purposes of this review, melamine in crystal form is defined as a fine white crystalline powder used to manufacture melamine formaldehyde resins. This product, if imported, is classified \textit{eo nomine} under subheading 2933.61.00 of the HTS and is dutiable in 1999 at 3.5 percent ad valorem.

\(^3\) Three Commissioners found in the affirmative and three found in the negative. Under the statute, the Commission is deemed to have made an affirmative determination if the Commissioners voting are evenly divided as to whether its determination should be in the affirmative or in the negative.

\(^4\) See the Commission's internet web site (http://www.usitc.gov) for Commissioner votes on whether to conduct an expedited or full investigation.

\(^5\) Recent \textit{Federal Register} notices cited in the tabulation are presented in app. A.
There have been four other Commission investigations concerning imports of melamine. MCI, the original petitioner in this review, was also the petitioner in all of these previous investigations. In early 1979, MCI alleged that melamine in crystal form from Austria, Italy, and the Netherlands was being sold in the United States at LTFV. The Commission’s investigation concerning imports of melamine from the Netherlands (No. 731-TA-16) was terminated in April 1980 because Commerce issued a final determination of no LTFV sales. In May 1980, the Commission determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of imports of melamine in crystal form from Austria and Italy that were being sold at LTFV. In 1982, the Commission determined that there was no reasonable indication that an industry in the United States was materially injured or threatened with material injury, or that the establishment of an industry in the United States was materially retarded, by reason of allegedly LTFV imports of melamine from Brazil.

**SUMMARY DATA**

A summary of data collected in the review is presented in appendix C. U.S. industry data are based on questionnaire responses of three firms (two of which share the output of a single production facility) that accounted for 100 percent of U.S. production of melamine during 1997 and 1998. U.S. import data are based on questionnaire responses of importers accounting for 100 percent of imports from Japan and approximately 77 percent of imports from all other sources. A summary of data from the original investigation and from this review is presented in table 1-1 on the following page.

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6 *Melamine in Crystal Form From Austria and Italy, Investigations Nos. 731-TA-13 (Final) and 731-TA-14 (Final),* USITC Pub. 1065 (May 1980).
1 MCI, Cytec, and DSM. The latter two firms are 50-50 joint venture partners in AMEL, which operates the physical production facility. AMEL did not submit a producer's questionnaire.
Commerce found that revocation of the antidumping finding would be likely to lead to continuation or recurrence of dumping.

Treasury and Commerce have conducted several administrative reviews. The following tabulation, obtained from Commerce’s internet site entitled “Five-Year (Sunset) Reviews,” shows the company-specific and “all others” dumping margins (in percent) that resulted from those reviews.

<table>
<thead>
<tr>
<th>Period of review</th>
<th>C. Itoh</th>
<th>Mitsui</th>
<th>Nichimen</th>
<th>Nissan</th>
<th>Nosawa</th>
</tr>
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<tbody>
<tr>
<td>Apr. 1, 1978-Jan. 31, 1980</td>
<td>60.00</td>
<td>70.22</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Feb. 1, 1980-Jan. 31, 1981</td>
<td>60.00</td>
<td>70.22</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Feb. 1, 1981-Jan. 31, 1982</td>
<td>60.00</td>
<td>70.22</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
<tr>
<td>Feb. 1, 1982-Mar. 31, 1983</td>
<td>60.00</td>
<td>70.22</td>
<td>60.00</td>
<td>60.00</td>
<td>60.00</td>
</tr>
</tbody>
</table>

The following tabulation presents available data from the U.S. Customs Service concerning the actual duties collected pursuant to the antidumping duty order on melamine in crystal form from Japan and the customs value of imports in 1993-97.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Duties collected</td>
<td>(1)</td>
<td>0</td>
<td>0</td>
<td>(1)</td>
<td>***</td>
</tr>
<tr>
<td>Value of imports</td>
<td>(1)</td>
<td>0</td>
<td>0</td>
<td>(1)</td>
<td>***</td>
</tr>
</tbody>
</table>

1 Not available.

**THE SUBJECT PRODUCT**

The scope of this review as defined by Commerce is melamine in crystal form from Japan. Melamine in crystal form is a fine white crystalline powder primarily used to manufacture melamine formaldehyde resins. On February 28, 1997 (62 FR 9176), melamine in crystal form with special physical characteristics (100 percent of the particles are smaller than 10 microns) was determined to be within the scope of the order. This review covers all manufacturers and exporters of melamine in crystal form from Japan.