DEPARTMENT OF COMMERCE
International Trade Administration


SUPPLEMENTARY INFORMATION:

Background

The Department of Commerce (the Department) issued the antidumping duty order on glycine from China in 1995. See Order. The Department conducted a less-than-fair value investigation on glycine from India in 2007 through 2008, covering the period of investigation of January 1 through December 31, 2006, where we found that certain Chinese glycine further processed in India did not change the country of origin of such glycine.1

On December 18, 2009, GEO Specialty Chemicals, Inc. and Chattem Chemicals, Inc., domestic interested parties, requested that the Department initiate an anti-circumvention inquiry, pursuant to section 781(b) of the Act and 19 CFR 351.225(h), to determine whether U.S. imports of glycine exported by AICO and Paras, and made from Chinese-origin glycine, are circumventing the Order.2 In their request, domestic interested parties allege that AICO and Paras are circumventing the Order through completion and assembly in India of the same class or kind of merchandise that is subject to the Order and by labeling the merchandise as Indian origin. Id.

On January 15, 2010, the Department requested that domestic interested parties resubmit legible copies of AICO’s financial statements and of the Port Import Export Reporting Service (PIERS) report regarding AICO’s shipments to the United States, which they provided in their original Anti-Circumvention Allegation at Exhibits A and B, respectively. The legible copies of the requested documents were submitted by the domestic interested parties on January 22, 2010.4 On February 22, 2010, the Department requested additional information from the domestic interested parties in the form of a supplemental questionnaire. On August 19, 2010, the domestic interested parties submitted additional information to supplement their December 18, 2009 Anti-Circumvention Allegation and included another allegation against a third company, Salvi, and its exporter/affiliate, Nutracare International. As part of their supplemental submission and allegation against Salvi, domestic interested parties included a market survey from a foreign market researcher, at Exhibit 12 of its submission.5 In their August 19, 2010 supplemental circumvention allegation, the domestic interested parties alleged that all three Indian companies, i.e., AICO, Paras and Salvi, are importing technical-grade glycine from companies in China, processing and/or repackaging the Chinese-origin glycine, and then exporting the finished product to the United States, marked as Indian-origin glycine. Id.

On September 23, 2010, the Department conducted a telephone interview with the foreign market researcher to corroborate the information in the market survey that the domestic interested parties submitted on August 19, 2010.6 On October 6, 2010, the domestic interested parties amended their request for the initiation of an anti-circumvention inquiry with respect to AICO, citing the Telephone Interview Memo.7 Therein, the domestic interested parties alleged that, based on the telephone interview, AICO is both repackaging and refining glycine of Chinese origin. Id.

On October 22, 2010, based on sufficient record evidence, the Department initiated an anti-circumvention inquiry on imports of glycine produced and/or exported by AICO, Paras, and Salvi.8 In the Initiation Notice, the Department explicitly stated that “[t]hese anti-circumvention inquiries pertain solely to Paras, Salvi, and AICO.” Id. at 66356. The Department further stated that “(i)f, within sufficient time, the Department receives a formal request from an interested party regarding potential anti-circumvention of the PRC Glycine Order by Indian companies, we will consider conducting additional inquiries concurrently.” Id.

As discussed below in the “Questionnaires” section, from December 2010 through October 2011, AICO, Paras, and Salvi responded to the Department’s initial and supplemental questionnaires.

On October 3, 2011, the domestic interested parties submitted comments, in which they requested that the Department preliminarily determine that all glycine exported from India is within the scope of the Order unless U.S. importers certify that the product...
they are importing from India is: (1) Not Chinese-origin or processed from Chinese-origin glycine, and (2) is Indian in origin. On October 3, 2011, Paras submitted a response to the domestic interested parties’ request to include Paras in any remedy that the Department may apply, arguing that it should not be subject to any remedy because it is not circumventing the Order.9

On November 23, 2011, the domestic interested parties submitted additional comments, in which they asked the Department to, based on record evidence, affirmatively determine that glycine shipments from India to the United States of the named respondents, including their affiliates and third-party business partners, have circumvented the Order. The domestic interested parties also requested the Department to require a U.S. importer certification scheme for all imports of Indian glycine, with the exception of imports from Salvi, AICO, and their related entities, for which the domestic interested parties requested the Department apply the current China-wide dumping rate of 155.89 percent.

On November 28, 2011, Paras submitted comments rebutting the domestic interested parties’ request for a circumvention finding with respect to Paras, to which the domestic interested parties submitted a response on November 29, 2011. Paras submitted a rebuttal to the domestic interested parties’ response on November 30, 2011, reiterating their request with respect to Paras, and also arguing against an importer-based certification for circumvention findings with respect to further processing in a third country.


On December 15, 2011, the Department notified parties that the deadlines for the preliminary and final determinations were March 30, 2012, and July 30, 2012, respectively.11


On February 10, 2012, the domestic interested parties submitted comments on the need for a country-wide remedy in this case, and on February 14, 2012, Paras submitted its response to those comments.

**Questionnaires**

On November 12, 2010, the Department issued questionnaires to AICO, Paras, and Salvi, requesting sales and production information with respect to the period January 1, 2005, to December 31, 2010, to which AICO, Paras, and Salvi responded in December 2010. Between February and October 2011, the Department issued supplemental questionnaires to AICO, Paras, and/or Salvi, to which timely responses were received.

**Period of Inquiry**

The inquiry period covers six years (i.e., 2005 through 2010), which includes the period covered by the Indian Investigation.13 In this case, the Department decided to use a broad period in order to better understand the glycine markets and how they operate.

Scope of the Antidumping Duty Order

The product covered by the antidumping duty order is glycine, which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used as a sweetener/taste enhancer, a buffering agent, reabsorbable amino acid, chemical intermediate, and a metal complexing agent. This order covers glycine of all purity levels. Glycine is currently classified under subheading 2922.49.4020 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 merchandise under the order is dispositive.

In a separate scope ruling, the Department determined that D(-) Phenylglycine Ethyl Dane Salt is outside the scope of the order. See Notice of Scope Rulings and Anticircumvention Inquiries, 62 FR 62288 (November 21, 1997).

**Scope of the Anti-Circumvention Inquiry**

The product covered by this inquiry is glycine, as described in the “Scope of the Antidumping Duty Order” section, above, which is exported from India, but processed using Chinese-origin inputs (e.g., technical-grade glycine). This inquiry covers glycine produced by AICO, Paras, and Salvi. Salvi and Paras have stated on the record that they also self-produce glycine from Indian-origin inputs. The focus of this proceeding is to determine whether the glycine is: (1) Manufactured in China; (2) processed by AICO, Paras, or Salvi in India; and (3) then exported to the United States as Indian-origin glycine that constitutes circumvention of the Order under section 781(b) of the Act.

**Statutory Provisions Regarding Circumvention**

Section 781(b) of the Act provides that the Department may find circumvention of an antidumping duty order when merchandise of the same class or kind of merchandise that is subject to the order is completed or assembled in a foreign country other than the country to which the order applies. In conducting anti-circumvention inquiries under section 781(b) of the Act, the Department relies upon the following criteria: (A) Merchandise imported into the United States is of the same class or kind as any merchandise produced in a foreign country that is subject to an antidumping duty order; (B) before importation into the United States, such...
imported merchandise is completed or assembled in another foreign country from merchandise which is subject to the order or produced in the foreign country that is subject to the order; (C) the process of assembly or completion in the foreign country referred to in (B) is minor or insignificant; (D) the value of the merchandise produced in the foreign country to which the antidumping duty order applies is a significant portion of the total value of the merchandise exported to the United States; and (E) the administering authority determines that action is appropriate to prevent evasion of such order.

Section 781(b)(2) of the Act provides the criteria for determining whether the process of assembly or completion is minor or insignificant. These criteria are: (a) The level of investment in the foreign country; (b) the level of research and development (R&D) in the foreign country; (c) the nature of the production process in the foreign country; (d) the extent of the production facilities in the foreign country; and (e) whether the value of the processing performed in the foreign country represents a small proportion of the value of the merchandise imported into the United States.

The Statement of Administrative Action accompanying the Uruguay Round Agreements Act, H.R. Doc. 103-316, vol. 1 at 893 (1994), provides some guidance with respect to these criteria. It explains that no single factor listed in section 781(b)(2) of the Act will be controlling and that the Department will evaluate each of the factors as they exist in the foreign country depending on the particular circumvention scenario. Id.: 19 CFR 351.225(h). Therefore, none of the factors listed under section 781(b)(2) of the Act are dispositive as they vary from case to case, depending on the particular circumstances unique to each circumvention inquiry.

Section 781(b)(3) of the Act further provides that, in determining whether to include merchandise assembled or completed in a foreign country in an antidumping duty order, the Department shall consider: (A) The pattern of trade, including sourcing patterns; (B) whether the manufacturer or exporter of the merchandise described in section 781(b)(1)(B) of the Act is affiliated with the person who uses the merchandise described in section 781(b)(1)(B) of the Act to assemble or complete in the foreign country the merchandise that is subsequently imported into the United States, or (C) whether imports into the foreign country of the merchandise described in section 781(b)(1)(B) of the Act have increased after the initiation of the investigation which resulted in the issuance of such order.

Statutory Analysis

A discussion of the record evidence pertaining to each company and the Department’s analyses are in the following analysis memorandum: (1) “Preliminary Analysis Memorandum for the Circumvention Inquiry of the Antidumping Duty Order on Glycine from the People’s Republic of China (China), for the Producer known as AICO Laboratories India Ltd. ” from Christian Marsh, Deputy Assistant Secretary, for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary, for Import Administration, dated March 30, 2012 (AICO Preliminary Analysis Memorandum); (2) “Preliminary Analysis Memorandum for the Circumvention Inquiry of the Antidumping Duty Order on Glycine from the People’s Republic of China (China), for the Producer known as Paras Intermediates Pvt. Ltd. (Paras) from Christian Marsh, Deputy Assistant Secretary, for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary, for Import Administration,” dated March 30, 2012 (Paras Preliminary Analysis Memorandum); and (3) “Preliminary Analysis Memorandum for the Circumvention Inquiry of the Antidumping Duty Order on Glycine from the People’s Republic of China (China), for the Producer known as Salvi Chemicals (Salvi)” from Christian Marsh, Deputy Assistant Secretary, for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary, for Import Administration,” dated March 30, 2012 (Salvi Preliminary Analysis Memorandum). Parties can find public versions of these analysis memoranda on file electronically via Import Administration’s Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). Access to IA ACCESS is available in the Central Records Unit, room 7046, of the main Department of Commerce building. The signed analysis memorandum and the electronic versions of the analysis memorandum are identical in content.

Preliminary Determinations

With respect to AICO, the Department finds it necessary to rely on facts available, as AICO failed to provide necessary information in its questionnaire responses upon which the Department could rely and, thereby impeded this inquiry. Further, as discussed in detail the AICO Preliminary Analysis Memorandum, we find that AICO possessed the necessary information but failed to provide it, thus, it did not act to the best of its ability to comply with our requests for information. Therefore, we find it appropriate in this inquiry to apply facts available with an adverse inference as AICO failed to cooperate by not acting to the best of its ability in providing the necessary information. Accordingly, we preliminarily find, as facts otherwise available with an adverse inference pursuant to sections 776(a) and (b) of the Act, that AICO is circumventing the Order because it has withheld information by not fully responding to our requests for information and, when it has responded, provided ambiguous or contradictory responses, thereby impeding this proceeding. See sections 776(a)(2)(A) and (C) of the Act.

Specifically, the record lacks information necessary to complete a proper analysis with respect to AICO. In addition and contrary to AICO’s claim, we find that there is no record evidence that AICO self produces glycine from Indian raw materials. Consequently, because AICO has not fully complied with the Department’s request for information, we find that it failed to cooperate to the best of its ability, and, therefore, that an adverse inference is warranted pursuant to section 776(b) of the Act. Accordingly, as an adverse inference the Department preliminarily finds that all glycine produced by AICO, regardless of exporter or U.S. importer, should be included within the scope of the Order. For a complete discussion of the Department’s analysis, see AICO Preliminary Analysis Memorandum.

With respect to Salvi, for the reasons discussed in the Salvi Preliminary Analysis Memorandum, we preliminarily find that Salvi has circumvented the Order pursuant to section 781(b) of the Act. Specifically, pursuant to sections 781(b)(1)(A) and (B) of the Act, we find that the merchandise sold to the United States is within the same class or kind of merchandise that is subject to the Order and was assembled or completed in a third country. Additionally, pursuant to sections 781(b)(1)(C) and 781(b)(2) of the Act, we find that the processing of the Chinese-origin glycine into the glycine sold by Salvi is minor and insignificant. Furthermore, in accordance with section 781(b)(1)(D) of the Act, we find that the value of the merchandise produced in China is a significant portion of the total value of the merchandise exported to the United States. We also find that, in accordance with section 781(b)(1)(E) of the Act,
action is appropriate to prevent evasion of the Order by Salvi. Moreover, we find that record evidence pertaining to the factors outlined in section 781(b)(3) of the Act support a finding of circumvention of the Order. For a complete discussion of the Department’s analysis, see Salvi Preliminary Analysis Memorandum.

With respect to Paras, the Department preliminarily determines that Paras is not circumventing the Order. Although it has admitted to exporting processed Chinese-origin glycine in the past, the Department is satisfied that Paras understood that the processing it carried out was deemed by the Department in the original less-than-fair-value investigation as not substantial enough to transform the product into Indian origin. Also, once Paras became aware that such processing did not change the product into an Indian product, as a result of the less-than-fair-value investigation, it took steps to ensure that it would not continue to export Chinese-origin glycine to the United States. The record reflects that for approximately the past four years, Paras has only sold and/or exported to the United States glycine that it produced only from Indian raw materials. For a complete discussion of the Department’s analysis, see Paras Preliminary Analysis Memorandum.

Scope Inquiry Initiation

The Department has previously determined that the type of processing described by Salvi does not change the country of origin of glycine and therefore the glycine remains within the scope of the Order. Specifically, in a 2002 scope ruling, the Department concluded that processing Chinese-glycine into refined glycine in a third country does not substantially transform the glycine and therefore does not change the country of origin or take such glycine out of the Order.14

In addition, in the Department’s less-than-fair-value investigation of glycine from India, the Department determined that the further processing of imported Chinese-origin technical grade glycine to U.S. Pharmaceutical (USP) grade glycine in India did not substantially transform the glycine in India and, thus, the glycine remained Chinese in origin.15 It is important to note that although the investigation of glycine from India did not go to order because of a negative injury determination by the U.S. International Trade Commission (the Commission) the Department’s decision with respect to the transformation of Chinese-origin glycine in India remains relevant.16 Notwithstanding, the Department recognizes that its scope determination in the original investigation was company- and fact-specific. As a result of the comments made by the parties in the instant proceeding with respect to substantial transformation and country of origin, and, as a result of our affirmative circumvention findings in light of prior scope determinations, we find that a broader scope inquiry in this case is warranted. Therefore, we are initiating a scope inquiry of Chinese-origin glycine processed into a purer grade glycine in India, pursuant to 19 CFR 351.225(b), and invite interested parties to submit comments and supporting factual information regarding glycine exported from India and the scope of the Order. In accordance with 19 CFR 351.225(f)(iii), interested parties may submit comments within 20 days of the publication of this notice. Additionally, interested parties may file rebuttals to written comments, limited to issues raised in such comments, no later than 10 days after the date on which the comments are due.

Suspension of Liquidation

As stated above, the Department has made a preliminary affirmative finding of circumvention of the Order by both AICO and Salvi. In accordance with 19 CFR 351.225(l)(2), the Department will direct U.S. Customs and Border Protection (CBP) to suspend liquidation and require a cash deposit of estimated duties at the applicable rate on all unliquidated entries of glycine produced by AICO or Salvi, regardless of exporter or U.S. importer, that were entered, or withdrawn from warehouse, for consumption on or after October 22, 2010, the date of initiation of the anti-circumvention inquiry. We will require a cash deposit of estimated duties on all entries of glycine produced and/or exported by AICO and Salvi, at the China-wide rate of 155.89 percent, unless AICO or Salvi can demonstrate to CBP that the Chinese glycine, which was processed by AICO or Salvi, was supplied by a Chinese manufacturer with its own rate. In that instance, the cash deposit rate will be the rate of the Chinese glycine manufacturer that has its own rate. In light of our preliminary determination that Paras is not circumventing the Order, the Department will not instruct CBP to suspend liquidation of any unliquidated entries of glycine produced by Paras for purposes of this preliminary determination.

As stated above, in its October 3, 2011, submission, the domestic interested parties recommended that the Department determine that all Indian glycine is within the scope of the Order unless U.S. importers certify that the product they are importing is: (1) Not Chinese origin or processed from Chinese-origin glycine, and (2) is Indian in origin. Based on (i) our findings that not all Indian companies are circumventing the Order, (ii) the fact that our analysis only focused on three companies as requested by the domestic interested parties, (iii) record evidence indicating that certification may have unintended effects in this particular case, and (iv) lack of evidence on the record demonstrating that circumvention is occurring more broadly, we preliminarily find that a certification requirement is not supported by the record. We invite parties to comment on a country-wide exporter or importer certification process for glycine exported from India, and how such a certification program might be implemented.

Notification to the U.S. International Trade Commission

The Department, consistent with section 781(e) of the Act and 19 CFR 351.225(f)(7)(i)(B), will notify the U.S. International Trade Commission (ITC) of this preliminary determination to include merchandise subject to this inquiry (i.e., glycine) within the Order. The ITC may request consultations concerning the Department’s proposed inclusion of the subject merchandise. See section 781(e)(2) of the Act. Upon the request of the ITC, the administering authority shall consult with the ITC and any such consultation shall be completed within 15 days after the date of the request. Id. If, after consultations, the ITC believes that a significant injury issue is presented by the proposed inclusion, it will have 60 days to provide written advice to the Department. See section 781(e)(3) of the Act.

Public Comment

Interested parties are invited to comment on the preliminary results and

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14 See Memorandum from Barbara E. Tillman to Joseph A. Spetrini, Deputy Assistant Secretary for Import Administration, Final Scope Ruling: Antidumping Duty Order on Glycine from the People’s Republic of China (A–570–836); (Watson Industries Inc.), dated May 3, 2002; placed on the record by domestic interested parties in their December 18, 2009, submission at Exhibit D.

15 See Notice of Final Determination of Sales at Less Than Fair Value: Glycine from India, 73 FR 26413 (May 9, 2008); Glycine From India Investigation No. 731–TA–1111 (Final) Publication 3997 (United States International Trade Commission) May 2008.
may submit case briefs and/or written comments within 20 days of the publication of this notice. See 19 CFR 351.225(f)(3). Interested parties may file rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, no later than 10 days after the date on which the case briefs are due. Id. Interested parties may request a hearing within 20 days of the publication of this notice. Requests should contain the party’s name, address, and telephone number, the number of participants, and a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party’s case brief and may make rebuttal presentations only on arguments included in that party’s rebuttal brief. Interested parties will be notified by the Department of the location and time of any hearing, if one is requested.

Final Determination

The final determination with respect to this circumvention inquiry, including the results of the Department’s analysis of any written comments, will be issued no later than July 30, 2012, unless extended. See section 781(f) of the Act and 19 CFR 351.302(b).

This preliminary partial affirmative circumvention determination is published in accordance with section 781(b) of the Act and 19 CFR 351.225.


Paul Piquado,
Assistant Secretary for Import Administration.

[FR Doc. 2012–8597 Filed 4–9–12; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–890]

Wooden Bedroom Furniture From the People’s Republic of China: Final Rescission of Antidumping Duty New Shipper Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: On January 10, 2012, the Department of Commerce (the “Department”) published the preliminary rescission of the new shipper review (“NSR”) of wooden bedroom furniture (“WBF”) from the People’s Republic of China (“PRC”) covering the period of review (“POR”) January 1, 2011, through June 30, 2011.1 After analyzing the comments submitted by parties with respect to Marvin Furniture (Shanghai) Co., Ltd. (“Marvin Furniture”), the Department continues to find that Marvin Furniture failed to satisfy the requirements for an NSR. Therefore, the Department is rescinding Marvin Furniture’s NSR.

DATES: Effective Date: April 10, 2012.


SUPPLEMENTARY INFORMATION:

Background

On January 10, 2012, the Department published the Preliminary Rescission of this NSR.2 On February 9, 2012, we received case briefs and a request for a hearing from Marvin Furniture. On February 16, 2012, the Department rejected Marvin Furniture’s case brief because it contained untimely factual information. The Department informed Marvin Furniture that it could re-file its case brief by February 17, 2012, after removing the untimely factual information in the brief. On February 17, 2012, Marvin Furniture re-filed its case brief after removing the information at issue but protested the finding that its case brief contained untimely factual information. On February 17, 2012, we received rebuttal briefs from the American Furniture Manufacturers Committee for Legal Trade and Vaughan-Basset Furniture Company, Inc. (collectively, “Petitioners”). On March 7, 2012, the Department held a closed hearing.

Analysis of the Comments Received

All issues raised in the case and rebuttal briefs submitted by parties in this review are addressed in the memorandum from Gary Tavenar, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Import Administration, “Issues and Decision Memorandum for the Final Rescission of the New Shipper Review of Wooden Bedroom Furniture from the People’s Republic of China for Marvin Furniture (Shanghai) Co., Ltd.” (“I&D Memorandum”), which is dated concurrently with this notice and which is hereby adopted by this notice. The issue which parties raised, and to which we respond, in the I&D Memorandum is whether to rescind the NSR for Marvin Furniture. The I&D Memorandum is a public document and is on file electronically via Import Administration’s Antidumping and Countervailing Duty Centralized Electronic Services System (“IA ACCESS”). Access to IA ACCESS is available in the Central Records Unit of the main Commerce Building, Room 7046. In addition, a complete version of the I&D Memorandum is accessible on the Department’s web site at http://www.trade.gov/ia/. The paper copy and electronic versions of the I&D Memorandum are identical in content.

Scope of the Order

The product covered by the order is wooden bedroom furniture. Wooden bedroom furniture is generally, but not exclusively, designed, manufactured, and offered for sale in coordinated groups, or bedrooms, in which all of the individual pieces are of approximately the same style and approximately the same material and/or finish. The subject merchandise is made substantially of wood products, including both solid wood and also engineered wood products made from wood particles, fibers, or other wooden materials such as plywood, strand board, particle board, and fiberboard, with or without wood veneers, wood overlays, or laminates, with or without non-wood components or trim such as metal, marble, leather, glass, plastic, or other resins, and whether or not assembled, completed, or finished.

The subject merchandise includes the following items: (1) Wooden beds such as loft beds, bunk beds, and other beds; (2) wooden headboards for beds (whether stand-alone or attached to side rails), wooden footboards for beds, wooden side rails for beds, and wooden canopies for beds; (3) night tables, night stands, dressers, commodes, bureaus, mule chests, gentlemen’s chests, bachelor’s chests, lingerie chests, wardrobes, vanities, chiffoniers, chifforobes, and wardrobe-type cabinets; (4) dressers with framed glass mirrors that are attached to, incorporated in, sit on, or hang over the dresser; (5) chests-