

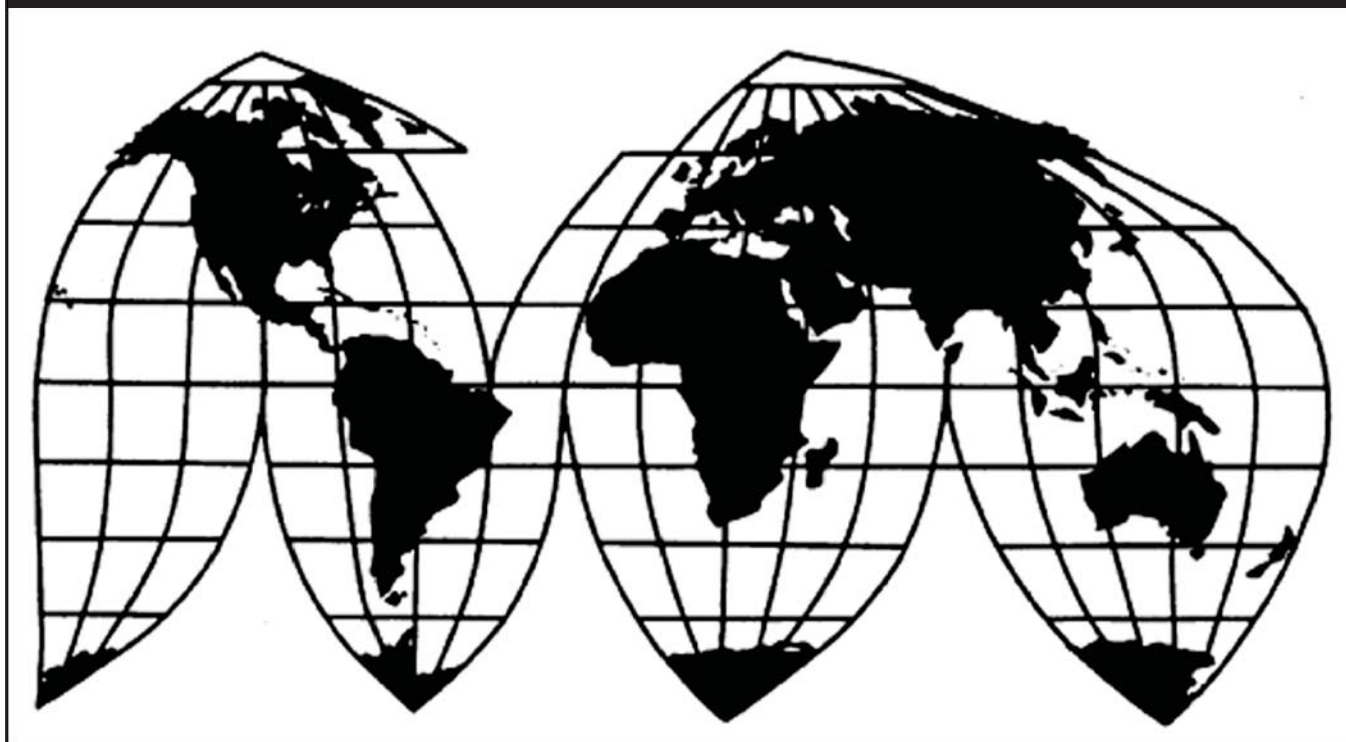
Glycine from China

Investigation No. 731-TA-718 (Third Review)

Publication 4255

August 2011

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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Jim McClure, Supervisory Investigator

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-718 (Third Review)

GLYCINE FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty order on glycine from China 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 October 7, 2010 (75 F.R. 62141) and determined on January 4, 2011 that it would conduct a full review (76 F.R. 8771, February 15, 2011). 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 February 15, 2011 (76 F.R. 8771). The hearing was held in Washington, DC, on June 30, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

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 duty order covering glycine from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

In March 1995, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of glycine from China sold at less than fair value.¹ On March 29, 1995, the U.S. Department of Commerce (“Commerce”) published an antidumping duty order covering glycine from China.²

In the first (March 1999) and second (October 2005) five-year reviews, both of which were conducted on an expedited basis, the Commission determined that revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.³

The Commission instituted the current review on October 7, 2010.⁴ The Commission received one submission in response to its notice of institution, filed on behalf of Chattem Chemicals, Inc. (“Chattem”) and GEO Specialty Chemicals, Inc. (“GEO”), which together accounted for all domestic production of glycine in 2010. On January 4, 2011, the Commission determined that the domestic interested party group response was adequate but that the respondent interested party group response was inadequate. Notwithstanding the inadequacy of the respondent interested party group response, the Commission determined that it would conduct a full review, pursuant to section 751(c)(5) of the Act, as amended, in light of information regarding possible changes in conditions of competition.^{5 6 7}

Domestic producers Chattem and GEO appeared at the hearing and filed joint prehearing and posthearing briefs and responses to Commissioner questions. Summit Research Labs (“Summit”), a U.S. purchaser of glycine, appeared at the hearing and filed a posthearing statement.

The Commission received questionnaire responses from both domestic producers, Chattem and GEO, and those responses are estimated to account for all domestic glycine production in 2010.⁸ The Commission also received questionnaire responses from 15 U.S. importers of glycine,⁹ accounting for 51.2 percent of total subject imports from China and 30.7 percent of glycine imports from all sources

¹ Glycine from the People’s Republic of China, Inv. No. 731-TA-718 (Final), USITC Pub. 2863 (Mar. 1995) (“Original Determination”) at 1.

² 60 Fed. Reg. 16116 (Mar. 29, 1995).

³ Glycine from China, Inv. No. 731-TA-718 (Review), USITC Pub. 3315 (June 2000) (“First Review Determination”); Glycine from China, Inv. No. 731-TA-718 (Second Review), USITC Pub. 3810 (Oct. 2005) (“second review determination”).

⁴ 75 Fed. Reg. 62141 (Oct. 7, 2010).

⁵ 19 U.S.C. § 1675(c)(5).

⁶ Explanation of Determination on Adequacy, Confidential Staff Report (“CR”) at Appendix A.

⁷ Vice Chairman Williamson and Commissioners Lane and Pinkert voted to conduct an expedited review. Id.

⁸ Confidential Staff Report (“CR”) and Public Staff Report (“PR”) at III-1.

⁹ CR at I-18, PR at I-10.

during 2005-10.¹⁰ The Commission received 33 purchaser questionnaire responses.¹¹ The Commission did not receive a questionnaire response from any Chinese producers/exporters.¹²

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c) of the Act, the Commission defines “the domestic like product” and the “industry.”¹³ 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.”¹⁴ The Commission’s practice in five-year reviews is to look to the like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.¹⁵

1. Product Description

In this third five-year review determination, Commerce defined the subject merchandise as follows:

The product covered by the 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).¹⁶

Commerce’s definition of the subject merchandise has not changed since its original determination.¹⁷

Glycine is a nonessential amino acid that is produced naturally by humans and other

¹⁰ CR/PR at IV-1.

¹¹ CR at II-14, PR at II-8.

¹² CR at IV-6, PR at IV-5.

¹³ 19 U.S.C. § 1677(4)(A).

¹⁴ 19 U.S.C. § 1677(10); see, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹⁵ See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (December 2005); Crawfish Tail Meat From China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (February 2003).

¹⁶ Notice of Final Results of Expedited Sunset Review of the Antidumping Duty Order: Glycine From the Peoples Republic of China, 76 Fed. Reg. 7150 (Feb. 9, 2011).

¹⁷ In a separate scope ruling, the Department determined that D(-) Phenylglycine Ethyl Dane Salt is outside the scope of the order. See 76 Fed. Reg. 7150 (Feb. 9, 2011).

organisms as a building block for proteins. It is odorless and sweet to the taste. Commercial production of glycine uses traditional chemical synthesis. In its dried form, in which it is most often sold, glycine is a white, free-flowing powder.¹⁸

Glycine is typically sold in two main grades: United States Pharmacopeia (“USP”) grade and technical grade. Glycine meeting USP purity standards is typically used as an additive to enhance or mask flavors or reduce acidity in food, beverages, animal feed, nutraceuticals, personal care products, and cosmetics. Technical grade glycine is used in industrial applications. The large majority of glycine consumed in the United States is USP grade. Glycine with even greater purity than is mandated by USP standards can be produced to meet specific customer requirements. Such high-purity glycine is often referred to as pharmaceutical grade.¹⁹

2. The Commission’s Original Determination and Prior Reviews

The starting point of the Commission’s like product analysis in a five-year review is the like product definition in the Commission’s original determination and the prior reviews.²⁰ In the original investigation, the Commission defined a single domestic like product, encompassing all grades of glycine, that was coextensive with Commerce’s scope.²¹ In defining a single domestic like product, the Commission found that all glycine, regardless of form, had the same chemical structure; there was significant interchangeability between glycine of differing purity levels; channels of distribution were similar for all domestically produced glycine; producers and end users perceived glycine to be a single product regardless of grade; and common production processes, facilities, and employees were used to produce the different grades.²²

The Commission adopted the same like product definition in the first and second (both expedited) five-year reviews: glycine of all purity levels, coextensive with Commerce’s scope.²³

3. Analysis and Conclusion

No new facts are present on this record to warrant a conclusion different from that reached by the Commission in the original investigation and two prior reviews.²⁴ We therefore find one domestic like product that is co-extensive with the scope and that includes glycine of all purity levels.

¹⁸ CR at I-14, PR at I-8.

¹⁹ CR at I-14, PR at I-8; see also CR/PR at Table II-3.

²⁰ In the like product analysis for an investigation, the Commission generally considers a number of factors, including (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer and producer perceptions; and, where appropriate, (6) price. See The Timken Co. v. United States, 913 F. Supp. 580, 584 (CIT 1996). No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. See, e.g., S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49.

²¹ Original Determination at I-6.

²² Id.

²³ First Review Determination at 4, Second Review Determination at 4.

²⁴ The parties did not argue for any changes to the domestic like product definition.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the domestic “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”²⁵ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market. Section 771(4)(B) of the Act, the related parties provision, allows the Commission to exclude certain domestic producers from the domestic industry that import subject merchandise or have a corporate affiliation with importers or exporters of subject merchandise, if the Commission finds that appropriate circumstances exist.²⁶

In the Commission’s original determination and first two five-year reviews, the Commission defined the domestic industry as all U.S. producers of the domestic like product, which at the time included Chattem and Hampshire Chemical Corp. (“Hampshire”).²⁷ GEO is the successor to Hampshire. There is no new evidence in the current review to warrant a change in the definition of the domestic industry.²⁸ Therefore, based on our definition of the domestic like product, we define the domestic industry to include all U.S. producers of the domestic like product, Chattem and GEO.²⁹

III. WHETHER REVOCATION OF THE ORDER IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME

A. Legal Standard in a Five-year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”³⁰ The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”³¹ Thus, the likelihood standard is prospective in nature.³² The U.S. Court of International Trade has found that

²⁵ 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

²⁶ 19 U.S.C. § 1677 (4)(B).

²⁷ Original Determination at I-6, First Review Determination at 5, Second Review Determination at 5.

²⁸ The parties did not argue for any changes to the definition of the domestic industry.

²⁹ There are no related party issues in this investigation as neither Chattem nor GEO is related to a producer or importer of the subject merchandise and neither imported the subject merchandise during the period examined.

³⁰ 19 U.S.C. § 1675a(a).

³¹ SAA at 883-84. The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” Id. at 883.

³² While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed

(continued...)

“likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.^{33 34 35}

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”³⁶ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis in original investigations.”³⁷

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”³⁸ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).³⁹ The statute further provides that the presence or absence of any factor that the Commission

³² (...continued)

shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

³³ See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

³⁴ For a complete statement of Chairman Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Invs. Nos. 701-TA-362 (Review) and 731-TA-707 to 710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

³⁵ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape From Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade’s interpretation of “likely,” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

³⁶ 19 U.S.C. § 1675a(a)(5).

³⁷ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

³⁸ 19 U.S.C. § 1675a(a)(1).

³⁹ 19 U.S.C. § 1675a(a)(1). We note that no duty absorption findings have been made by Commerce.

is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.⁴⁰

In evaluating the likely volume of imports of subject merchandise if the order 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.⁴¹ 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, which can be used to produce the subject merchandise, are currently being used to produce other products.⁴²

In evaluating the likely price effects of subject imports if the order under review is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports relative to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁴³

In evaluating the likely impact of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁴⁴ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order were revoked.⁴⁵

When appropriate in this review, we have relied on the facts otherwise available, which consist of information from the original investigation and prior reviews, and information submitted in this review,

⁴⁰ 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

⁴¹ 19 U.S.C. § 1675a(a)(2).

⁴² 19 U.S.C. § 1675a(a)(2)(A-D).

⁴³ See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

⁴⁴ 19 U.S.C. § 1675a(a)(4).

⁴⁵ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

including information provided by the domestic industry, questionnaire responses, and information available from published sources.^{46 47}

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁴⁸

In the original investigation, the Commission identified several relevant conditions of competition. First, the Commission found that changes in glycine prices are unlikely to affect the quantity demanded because glycine is an intermediate product, has no substitutes, and accounts for a relatively small proportion of the cost of producing downstream products, such as pharmaceuticals, food products, pet food, and antiperspirants.⁴⁹ Additionally, the Commission found that glycine purchases for each end use are concentrated among relatively few purchasers, and that intense competitive pressures had motivated these purchasers to use their purchasing power to extract price concessions from glycine producers.⁵⁰ The Commission found that domestic producer market share had declined throughout the period of investigation (“POI”) because domestic shipments had increased less than apparent U.S. consumption.⁵¹

In the first five-year review, the Commission found that the conditions of competition in the original investigation largely continued.⁵² The Commission also observed that apparent U.S. consumption of glycine had increased since the original investigation and that, although domestic producers continued to supply a dominant share of the U.S. market, the volume of non-subject imports had increased and captured a larger share of the U.S. market since the original investigation.⁵³

In the second five-year review, the Commission found that the general conditions of competition noted in the original investigation had continued and that apparent U.S. consumption of glycine had

⁴⁶ 19 U.S.C. § 1677e(a) authorizes the Commission to “use the facts otherwise available” in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to 19 U.S.C. § 1677m(i). The verification requirements in 19 U.S.C. § 1677m(i) are applicable only to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int’l Trade 2002) (“the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.”).

⁴⁷ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties’ suggested interpretations of the record evidence. Regardless of the level of participation, 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.” SAA at 869.

⁴⁸ 19 U.S.C. § 1675a(a)(4).

⁴⁹ Original Determination at I-6-7.

⁵⁰ Original Determination at I-7.

⁵¹ Original Determination at I-7.

⁵² First Review Determination at 7.

⁵³ First Review Determination at 7-8.

increased slightly since the first five-year review, and substantially since the original investigation.⁵⁴ The domestic industry's market share, however, had declined significantly from the levels in the original investigation and the first five-year review, largely because non-subject import market share had more than *** since 1994.⁵⁵

a. Demand

Demand for glycine depends upon the demand for its end use applications.⁵⁶ Most glycine – 61.7 percent of U.S. sales in 2010 – is used as an intermediate material in products intended for human or animal consumption, such as vitamins and other nutraceuticals, pet food, and animal feed. Glycine is also used to a lesser extent – 29.4 percent of U.S. sales in 2010 – as an additive to cosmetics and personal care products, most notably deodorants and antiperspirants.⁵⁷

In the current five-year review, demand conditions appear to be largely unchanged from the original investigation. For instance, changes in glycine prices are still unlikely to affect the quantity demanded given that glycine is an intermediate product with few substitutes that constitutes a small proportion of the cost of downstream products. Glycine purchases remain concentrated among relatively few high-volume end users. The three largest purchasers of glycine, ***, accounted for approximately 70 percent of the market.⁵⁸ As measured by apparent U.S. consumption, demand increased irregularly from *** pounds in 2005 to *** pounds in 2008, before decreasing irregularly to *** pounds in 2010.^{59 60}

b. Supply

There are two domestic producers of glycine, Chattem and GEO.⁶¹ The domestic industry's annual capacity was *** from 2005 to 2010 at *** pounds.⁶² Domestic producers' market share declined irregularly over the current review period from *** percent in 2005 to *** percent in 2010.⁶³ Although GEO acknowledges that there were various problems as recently as *** with its product quality and delivery performance, the record indicates that the company has substantially improved its performance since that time through implementation of performance tracking and customer communication measures.⁶⁴

In the current review period, the volume of subject imports from China increased from 1.9 million pounds in 2005 to 3.6 million pounds in 2008, then was lower in 2009 and 2010, at 126 thousand

⁵⁴ CR/PR at Table I-1 (apparent U.S. consumption was *** pounds in 2004, *** percent higher than in 1999 and *** percent higher than in 1994).

⁵⁵ CR/PR at Table I-9 (domestic market share declined from *** percent in 1994 and *** percent in 1999 to *** percent in 2004, while non-subject import market share increased from *** percent in 1994 to *** percent in 1999, and to *** percent in 2004).

⁵⁶ CR at II-12, PR at II-7.

⁵⁷ CR/PR at Table II-3.

⁵⁸ CR at II-14, PR at II-8.

⁵⁹ CR/PR at Table C-1. The domestic producers reported that demand fluctuated over the period examined. Importers' and purchasers' responses were mixed regarding whether demand had increased, decreased, fluctuated, or been unchanged, with a majority reporting an increase or no change. CR/PR at Table II-4.

⁶⁰ Chattem and GEO argue that the figure in the staff report for apparent U.S. consumption in 2008 is *** and appears to be inaccurate given the absence of any business developments that would account for that level of consumption. Chattem/GEO Prehearing Brief at 6.

⁶¹ CR I-17, PR at I-10.

⁶² CR/PR at Table I-1.

⁶³ CR/PR at Table I-1.

⁶⁴ Chattem/GEO Posthearing Brief, Annex at 2-4, and Exhibits 2, 3.

pounds and 1.2 million pounds, respectively. The reduced volume of subject imports in 2009 may be attributable in part to a reduction in Chinese production for part of 2008 and a tightening of global supply extending into 2009, when Chinese glycine producers curtailed production to reduce air pollution prior to the Beijing Olympics.⁶⁵ The market share of subject imports increased from *** percent in 2005 to *** percent in 2008, before declining to *** percent in 2009 and *** percent in 2010.⁶⁶ The volume of nonsubject imports was higher in the first review period than in the original investigation and higher again in the second review period.⁶⁷

Nonsubject imports increased irregularly over the current period of review from 5.4 million pounds in 2005 to 7.8 million pounds in 2010.⁶⁸ Nonsubject imports' market share increased irregularly from *** percent in 2005 to *** percent in 2010.⁶⁹

Chattem and GEO contend that many of the reported nonsubject imports, especially a share of those reported to have been from India, were actually transshipped China-origin glycine for which the country of origin was inaccurately represented at importation.⁷⁰ Such alleged transshipments are the subject of an ongoing anti-circumvention investigation before the Department of Commerce. That investigation is not scheduled to conclude before October 2011.⁷¹ We decline to speculate regarding the outcome of Commerce's anti-circumvention inquiry.⁷² Accordingly, we find that official import statistics remain a reliable source for subject and nonsubject import volumes and values.

C. Likely Volume of Subject Imports

1. The Commission's Original Determination and Prior Reviews

In its determination of threat of material injury in the original investigation, the Commission found that substantial underutilized Chinese glycine capacity would likely be directed to the U.S. market, given the substantial increase in subject import volume and market share over the POI, and the fact that the U.S. market for products made of glycine was the world's largest market for glycine at that time.⁷³ The Commission concluded that subject import market share would likely increase to injurious levels in the imminent future.⁷⁴

⁶⁵ Chattem/GEO Posthearing Brief, Response to Commissioner Questions at 10-11. The reduced volume of subject imports in 2009 may also be explained in part by the timing of individual importers' exit from and entry into the market. See CR/PR at II-1 n.3.

⁶⁶ CR/PR at Table I-1.

⁶⁷ Nonsubject imports were *** pounds in 1994, *** pounds in 1999, and *** pounds in 2004. CR/PR at Table I-1.

⁶⁸ CR/PR at Table IV-1.

⁶⁹ CR/PR at Table I-1.

⁷⁰ Chattem/GEO Prehearing Brief at 9-11, 20-21 and Exhibit 15.

⁷¹ 75 Fed. Reg. 66352 (Oct. 28, 2010).

⁷² Chattem and GEO rely on the Commission's determination in Tissue Paper Products from China, Inv. No 731-TA-1070B (Review), USITC Pub. 4165 (July 2010) for the proposition that the Commission should find that the alleged circumvention of the order has occurred and to take account of such circumvention in its determination. In Tissue Paper Products, however, unlike here, Commerce had made an affirmative circumvention determination. E.g., *id.* at 17.

⁷³ Original Determination at I-10.

⁷⁴ Original Determination at I-10.

In the first five-year review, the Commission found that the antidumping order had significantly reduced the presence of subject imports in the U.S. market.⁷⁵ The Commission also found that Chinese glycine capacity had likely increased since the original investigation, given the increased number of Chinese glycine producers.⁷⁶ Because the United States remained the world's largest market for products containing glycine, and Chinese producers had demonstrated their ability to increase subject imports sharply during the period examined in the original investigation, the Commission concluded that subject imports would likely increase to a significant level were the order to be revoked.⁷⁷

In the second five-year review, the Commission noted that underutilized glycine capacity in China had increased substantially since the original investigation, when representatives of foreign producers and importers testified that capacity was between 22 million and 33 million pounds, and the first five-year review, in which new Chinese glycine producers were identified.⁷⁸ The Commission noted that domestic interested parties had provided market research indicating that Chinese glycine capacity was over *** million pounds in 2004, and observed that an independent market research source indicated that four main Chinese glycine producers alone possessed a capacity of 50 million pounds in 2002. The Commission also found that a significant portion of that capacity was not utilized. The Commission concluded, therefore, that Chinese producers possessed the capacity to substantially increase glycine exports to the United States if the order were to be revoked.⁷⁹

The Commission also found in the second five-year review that Chinese producers considered the U.S. market to be attractive and were likely to use their underutilized capacity to increase exports of glycine to the United States significantly in the event of revocation. The Commission noted in that regard that subject imports had increased significantly since the prior review notwithstanding the restraining effect of the antidumping duty order. Chinese glycine producers had developed the ability to serve all segments of the U.S. glycine market since 1999, including the market for pharmaceutical grade glycine, and substantial administrative and judicial efforts, albeit unsuccessful, were exerted by a leading Chinese producer to have Commerce issue an individual duty deposit rate lower than the "all others" rate of 155.89 percent. The Commission consequently concluded that Chinese producers had the capacity to produce additional glycine for export to the United States and an interest in doing so and that, subject import volume would likely increase significantly if the order were revoked.⁸⁰

2. The Current Review

As noted above, the volume of subject imports from China increased from 1.9 million pounds in 2005 to 3.6 million pounds in 2008, then was lower in 2009 and 2010, at 126,000 pounds and 1.2 million pounds, respectively.⁸¹ These volumes contrast with subject import volumes of *** pounds in 1999, the end of the first review period, and *** pounds in 2004, the end of the second review period.⁸²

⁷⁵ First Review Determination at 8.

⁷⁶ First Review Determination at 8-9.

⁷⁷ First Review Determination at 9.

⁷⁸ Second Review Determination at 9-10.

⁷⁹ Second Review Determination at 10. The Commission also found the Chinese producers demonstrated their ability to increase glycine exports rapidly when they increased their exports of glycine to the EU substantially after the European Council declined to impose antidumping measures on Chinese glycine imports in 2000. Second Review Determination at 10 n.58.

⁸⁰ Second Review Determination at 10-11.

⁸¹ CR/PR at Table IV-1.

⁸² CR/PR at Table I-1.

The Commission did not receive information directly from Chinese producers in this review. Accordingly, the Commission has relied on facts otherwise available in its analysis of the industry in China.

The domestic producers ***,⁸³ a steep increase from the *** million pound capacity estimated for 2004 in a similar report submitted in the second five-year review. *** estimates the Chinese industry was using *** percent of its capacity in 2010, meaning they had unused capacity of *** pounds.⁸⁴

Chinese capacity for production of non-technical grades (e.g., USP) alone, which accounts for the vast majority of apparent U.S. consumption, is estimated to be *** pounds. Although we lack capacity utilization numbers specific to production of non-technical grade glycine due to the lack of cooperation with our data requests from the Chinese industry, the overall utilization rate of *** percent for the Chinese industry suggests significant excess capacity for these grades of glycine.⁸⁵

Although the bulk of Chinese glycine is used to make glyphosate,⁸⁶ Chinese exports have been substantial over the review period – approximately *** pounds of glycine annually from 2007 to 2009⁸⁷ – which far exceeded U.S. production of approximately *** pounds in that period.⁸⁸ The large majority of its exports are of USP grade glycine, the grade that accounts for about 90 percent of apparent U.S. consumption.⁸⁹ The Chinese producers continue to consider the U.S. market attractive; this is reflected in the fact that, notwithstanding the outstanding antidumping duty order, subject imports from China reached their highest levels since issuance of the order during the current review period.⁹⁰ We note moreover that several importers and purchasers indicate that they would intend to increase imports or purchases of glycine from China in the event of revocation.⁹¹

Accordingly, based on the demonstrated ability of Chinese glycine producers to increase the level of imports in the U.S. market rapidly, their substantial production capacity and likely unused capacity, their export orientation, particularly with respect to USP grade glycine, and the attractiveness of the U.S. market, we find that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant if the order were revoked.

D. Likely Price Effects of Subject Imports

1. The Commission's Original Determination and Prior Reviews

In the original investigation, the Commission found that the subject imports would likely enter the U.S. market at prices that would depress or suppress prices for the domestic like product.⁹² The Commission observed that subject import prices had declined over the POI, and had undersold the domestic like product in the “vast majority” of pricing comparisons.⁹³ Because subject imports were largely substitutable for the domestic like product, and lower prices would not result in increased demand,

⁸³ CR/PR at Table IV-3.

⁸⁴ Chattem/GEO Prehearing Brief at Exhibit 5.

⁸⁵ CR/PR at Tables I-1, IV-3.

⁸⁶ CR at IV-7; PR at IV-6.

⁸⁷ Chattem/GEO Prehearing Brief at Exhibit 5; see also CR at II-8 (Figure), PR at Figure II-2.

⁸⁸ CR/PR at Table III-1.

⁸⁹ CR/PR at II-1.

⁹⁰ CR/PR at Table I-1.

⁹¹ See, e.g., CR/PR at Appendix D.

⁹² Original Determination at I-11.

⁹³ Original Determination at I-11.

the Commission concluded that increased supplies of lower-priced subject imports would likely depress or suppress prices for the domestic like product, particularly given the bargaining power of the relatively concentrated glycine purchasers.⁹⁴

In the first five-year review, the Commission found that subject import average unit values had declined since the original investigation, and were lower than the average unit values (“AUVs”) for the domestic like product in 1999, notwithstanding the antidumping duty order.⁹⁵ Given this trend, the underselling observed during the original investigation, and the aforementioned conditions of competition, the Commission concluded that subject imports would likely have significant price depressing and suppressing effects in the event of revocation.⁹⁶

In the second five-year review, the Commission found that, as was the case in 1999, the AUVs of subject imports remained well below the AUVs of shipments of the domestic like product in 2004.⁹⁷ Accordingly, the Commission concluded that the underselling found in the original investigation would likely recur in the event of revocation. The Commission also noted that the substitutability of subject imports and the domestic like product, and the fact that changes in the price of glycine are unlikely to affect the quantity demanded, meant that a significant increase in low-priced subject imports would likely depress and suppress prices for the domestic like product. The Commission therefore concluded that revocation of the orders would likely result in significant adverse price effects.⁹⁸

2. The Current Review

The record in this review indicates that there is a moderately high degree of substitution between glycine produced in the United States and glycine produced in China.⁹⁹ Price remains an important factor in the purchase of glycine, with purchasers citing “price” most frequently among the top three factors upon which they relied in their purchasing decisions and most purchasers reporting that price is “very important” in those decisions.¹⁰⁰

*** reported selling glycine on a transaction-by-transaction, or spot, basis and through contracts. *** reported that domestic producers generally negotiate contract prices with their contract customers in the third quarter of each year for delivery the following year. Prices in the contract negotiations are based on prevailing market prices, which are influenced by existing contract prices for that year and spot prices at that time. *** reported using a price list.¹⁰¹

In this review, the Commission gathered quarterly pricing data for three products. The Chinese product *** the domestic product in a *** of comparisons despite the existence of the antidumping duty order. Imports from China *** the domestic product in 10 of 19 quarterly comparisons, with *** margins ranging from *** to *** percent. The Chinese product oversold the domestic product in nine quarterly

⁹⁴ Original Determination at I-11.

⁹⁵ First Review Determination at 9-10. The Commission acknowledged that AUV comparisons can be influenced by product mix, but used AUV data as the facts available. Id.

⁹⁶ First Review Determination at 10.

⁹⁷ Second Review Determination at 12 (again acknowledging that AUV comparisons can be influenced by product mix, but using AUV data as the facts available).

⁹⁸ Second Review Determination at 12.

⁹⁹ CR at II-14, PR at II-8. The majority of domestic producers, importers, and purchasers reported that glycine produced in the United States and glycine produced in China are always or frequently interchangeable. CR/PR at Table II-9.

¹⁰⁰ CR/PR at Tables II-6, II-7.

¹⁰¹ CR at V-3, PR at V-2.

comparisons, with overselling margins ranging from *** to *** percent.¹⁰² Most of the overselling occurred in 2008, which was an atypical year, in which the highest level of U.S. demand during the period of review coincided with a global glycine shortage, and the U.S. industry ***.¹⁰³ Thus, the instances of overselling in 2008 are not necessarily a reliable indicator of the relative level of China's glycine prices that would result if the antidumping order were revoked.

Overall, prices for U.S.-produced glycine products increased between the first quarter of 2005 and the last quarter of 2010. Prices of glycine imported from China generally followed the trends displayed by domestically produced glycine, although with greater variability.¹⁰⁴ This increased volatility is likely due to the smaller and less consistent volume of shipments of Chinese-produced glycine compared with the volume of glycine produced domestically.

It appears that ***, and ***, have been willing to change suppliers annually and that price is an important part of their sourcing decisions.¹⁰⁵ We note, moreover, that Summit does not dispute GEO's claim that Summit breached its past contractual obligation to purchase from GEO when it was able to obtain lower-priced glycine from other sources.¹⁰⁶

As discussed above, if the order were revoked, it is likely that subject imports from China would increase significantly, given Chinese producers' substantial unused capacity, export orientation, and the attractiveness of the U.S. market. It is also likely that Chinese producers would resume their aggressive underselling practices, which have persisted to some extent even with the order in place, so as to increase their U.S. market share. Given the high degree of interchangeability between subject and domestic glycine, the importance of price in purchasing decisions, and the fact that importers and purchasers have admittedly sought out lower prices, underselling is likely to result in significant adverse price effects. Thus, we conclude that, if the antidumping duty order were revoked, significant volumes of subject imports from China likely would undersell the domestic like product to a significant degree in order to gain market share and likely would have significant depressing and/or suppressing effects on the prices of the domestic like product.

E. Likely Impact of Subject Imports¹⁰⁷

1. The Commission's Original Determination and Prior Reviews

In the original determination, the Commission concluded that subject imports threatened material injury to the domestic industry in the imminent future, based on the likely substantial increase in subject

¹⁰² CR at V-15, CR /PR at Table V-6.

¹⁰³ CR at V-14 n.15, PR at V-6 n.15; CR/PR at Table III-1; CR/PR at Figure II-1.

¹⁰⁴ CR/PR at Table V-5.

¹⁰⁵ *** purchaser questionnaire response at 18 (section III-22), *** purchaser questionnaire response at 17 (section III-23); see also Chattem/GEO Prehearing Brief at 4-5 and Posthearing Brief at 8-11.

¹⁰⁶ Hearing Transcript at 146-48 (Mahoney).

¹⁰⁷ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. Commerce has determined that were the antidumping duty order to be revoked, dumping would likely recur at the rate of 155.89 percent for all producers. Glycine from the People's Republic of China: Final Results of the Expedited Sunset Review of the Antidumping Order, Case No. A-570-836, 76 Fed. Reg. 7150 (Feb. 9, 2011).

import volume and the likely adverse price effects.¹⁰⁸ The Commission also based its conclusion on the increase in raw material costs, the domestic industry's declining production, shipments, employment, and operating income between 1993 and 1994, and one producer's reliance on a production process that was particularly sensitive to changes in capacity utilization.¹⁰⁹

In the first five-year review, the Commission found that the order had benefitted the domestic industry such that the industry was no longer in a vulnerable condition. However, the Commission concluded that revocation of the order would likely result in the continuation or recurrence of material injury given that the adverse price effects resulting from the likely increase in subject import volume would not spur additional glycine demand, but only inflict material injury on domestic producers.¹¹⁰

In the second five-year review, the Commission noted that certain indicators of domestic industry performance had declined since 1999, but concluded that the record information was not sufficient for the Commission to make a finding on whether the domestic industry is vulnerable. The Commission found that revocation of the order would result in a significant increase in the volume of subject imports at prices significantly lower than those of the domestic like product, and that such increased volumes of subject imports would likely depress or suppress the domestic industry's prices significantly. The resultant reduction in the industry's production, sales, and revenue levels, the Commission found, would have a direct adverse impact on the industry's employment, profitability, and ability to raise capital and make and maintain necessary capital investments. Accordingly, based on the limited record in that review, the Commission concluded that, if the order were to be revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.¹¹¹

2. The Current Review

U.S. production of glycine increased irregularly from *** pounds in 2005 to *** pounds in 2008, before declining to *** pounds in 2009 and *** pounds in 2010.¹¹² The domestic industry's production capacity remained constant from 2005 to 2010 at *** pounds. Capacity utilization increased irregularly from *** percent in 2005 to *** percent in 2008, before decreasing to *** percent in 2009 and *** percent in 2010.¹¹³

U.S. shipments increased irregularly from *** pounds in 2005 to *** pounds in 2008, before decreasing to *** pounds in 2009 and to *** pounds in 2010. Net sales, which include exports, increased irregularly from *** pounds in 2005 to *** pounds in 2008, before decreasing to *** pounds in 2009 and *** pounds in 2010.¹¹⁴

Domestic producers' inventories increased from *** pounds in 2005 to *** pounds in 2006, then declined to *** pounds in 2007, before increasing irregularly to *** pounds in 2010.¹¹⁵

¹⁰⁸ Original Determination at I-12.

¹⁰⁹ Original Determination at I-12.

¹¹⁰ First Review Determination at 11.

¹¹¹ Second Review Determination at 13.

¹¹² CR/PR at Table III-1.

¹¹³ CR/PR at Table III-1.

¹¹⁴ CR/PR at Tables III-2a, III-6.

¹¹⁵ CR/PR at Table III-3. The ratio of domestic producers' inventories to U.S. shipments decreased from *** percent in 2005 to *** percent in 2006, then declined to *** percent in 2007, before increasing to *** percent in 2008, and *** percent in 2009, and *** percent in 2010. *Id.*

The domestic industry's production and related workers declined irregularly from *** in 2005 to *** in 2010. The number of hours worked declined irregularly from *** in 2005 to *** in 2010.¹¹⁶

The domestic industry's financial performance declined from 2005 to 2007, improved substantially in 2008 and 2009, then declined in 2010.¹¹⁷ The industry's operating income declined from *** in 2005 to *** in 2007, then increased to *** in 2008 and to *** in 2009, before declining to *** in 2010.¹¹⁸ The industry's operating income margin decreased from *** percent in 2005 to *** percent in 2006, then increased substantially to *** percent in 2008 and to *** percent in 2009, before declining to *** percent in 2010.¹¹⁹

We do not find that the domestic industry is vulnerable to material injury if the antidumping duty order were revoked.¹²⁰ We note that, notwithstanding the recent economic downturn, demand for glycine, as reflected by apparent U.S. consumption, declined overall by only *** percent between 2005 and 2010.¹²¹ The industry has weathered the recession profitably and is currently performing comparably to or considerably better than in nearly all prior years of the period examined except, most notably, 2009, when the industry enjoyed record operating income and an operating income margin of *** percent.¹²² Chattem and GEO explain that the *** in 2009 were a product of their having negotiated contracts with their customers for 2009 during the third quarter of 2008, at which time market prices were high as a result of tightened global supply, as discussed above.¹²³

We find that revocation of the order would likely have a significant adverse impact on the domestic industry. As discussed above, revocation would likely lead to significant increases in the volume of subject imports that would aggressively undersell the domestic like product in order to regain market share and significantly depress and/or suppress U.S. prices. In addition, the volume and price effects of the subject imports would likely have a significant negative impact on the production, shipments, sales, market share, employment, and revenues of the domestic industry. Declines in these indicators of industry performance would have a direct adverse impact on the industry's profitability, as well as its ability to raise capital and to make and maintain capital investments.

We have also considered the role of nonsubject imports in the U.S. market. Nonsubject imports increased their market share from *** percent in 2005 to *** percent in 2010.¹²⁴ There is no indication on this record that the increased presence of nonsubject imports would prevent subject imports from

¹¹⁶ CR/PR at Table III-5. Productivity (pounds/hour) increased irregularly from *** in 2005 to *** in 2008, before decreasing to *** in 2008 and *** in 2009. *Id.*

¹¹⁷ In addition to other indicators discussed, we note that the domestic industry's SG&A expenses per unit increased from \$*** per unit in 2005 to \$*** in 2010; the unit COGS increased irregularly from \$*** in 2005 to \$*** in 2010. CR/PR at Table III-6.

¹¹⁸ CR/PR at Table III-6. The industry's capital expenditures were \$*** in 2005, \$*** in 2006, \$*** in 2007, \$*** in 2008, \$*** in 2009, and \$*** in 2010. CR/PR at Table III-12.

¹¹⁹ CR/PR at Table III-6.

¹²⁰ Commissioners Lane and Pinkert find the evidence on vulnerability to be mixed. Although the domestic industry was profitable in 2010 and its unit values increased over the period of review, its production and capacity utilization were at their lowest levels of the period in 2010. In addition, although apparent U.S. consumption increased from 2009 to 2010, it remained below the levels seen earlier in the period. Finally, it does not appear that the industry has benefitted from the recent increase in consumption. It lost market share in 2010, at a time when the level of U.S. shipments was at a period low and the ratio of inventories to shipments was at a period high. CR/PR at Table C-1 and Table III-3.

¹²¹ CR/PR at Table C-1.

¹²² CR/PR at Table III-7.

¹²³ CR/PR at Figure II-1; CR at V-14 n.15, PR at V-6 n.15; Chattem/GEO Posthearing Brief, Response to Commissioner Questions at 10-11.

¹²⁴ CR/PR at Table C-1.

aggressively re-entering the U.S. market in significant quantities. We note in this regard that the limited quarterly pricing data on the record for nonsubject imports show that glycine from China undersold the nonsubject merchandise in the ***, ***, of comparisons.¹²⁵ Similarly, the AUVs of nonsubject imports were generally higher than the AUVs of subject imports over the period examined.¹²⁶ Thus, record data indicate that subject imports likely would be priced more aggressively than both domestic glycine and nonsubject imports if the order were revoked. Consequently, we find that, notwithstanding the increased presence of nonsubject imports in the U.S. market, revocation of the order would likely have a significant adverse impact on the domestic industry.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order on glycine from China would likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

¹²⁵ CR/PR at E-3.

¹²⁶ CR/PR at Table C-1. We acknowledge that AUV comparisons can be influenced by variations in product mix. Nevertheless, these data are consistent with the limited product-specific quarterly pricing data on the record and are reasonably considered additional facts available on relative prices of subject and nonsubject imports in the U.S. market.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On October 7, 2010, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted a review to determine whether revocation of the antidumping duty order on glycine from China would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On January 4, 2011, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.⁴ The tabulation on the following page presents information relating to the schedule of this proceeding:⁵

Effective date	Action
March 29, 1995	Commerce’s antidumping duty order on glycine from China (60 FR 16116)
October 1, 2010	Commerce’s initiation of 3 rd five-year review (75 FR 60731)
October 7, 2010	Commission’s institution of 3 rd five-year review (75 FR 62141)
January 4, 2011	Commission’s determination to conduct full five-year review and scheduling of the review (76 FR 8771, February 15, 2011)
February 9, 2011	Commerce’s final results of expedited five-year review of the antidumping duty order on glycine from China (76 FR 7150)
February 14, 2011	Commerce’s final results of expedited five-year review of the antidumping duty order on glycine from China (76 FR 8345 corrected)
June 30, 2011	Commission’s hearing
August 15, 2011	Commission’s vote
August 30, 2011	Commission’s determinations transmitted to Commerce

¹ 19 U.S.C. 1675(c).

² *Glycine from China*, 75 FR 62141, October 7, 2010. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year review of the subject countervailing duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review, Glycine from China*, 75 FR 60731, October 1, 2010.

⁴ *Glycine from China*, 76 FR 8771, February 15, 2011. On January 4, 2011, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of the Act should proceed. The Commission found that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate. Specifically, Chairman Deanna Tanner Okun and Commissioners Daniel R. Pearson and Shara L. Aranoff concluded that the domestic group response for this review was adequate and the respondent group response was inadequate and voted for a full review. Vice Chairman Irving R. Williamson and Commissioners Charlotte R. Lane and Dean A. Pinkert concluded that the domestic group response for this review was adequate and the respondent group response was inadequate and voted for an expedited review.

⁵ The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B presents the list of the witnesses appearing at the Commission’s hearing.

The Original Investigation

The original investigation resulted from a petition filed by counsel on behalf of Hampshire Chemical Corp. (“Hampshire”), Lexington, MA, and Chattem, Inc. (“Chattem”), Chattanooga, TN, on July 1, 1994, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (“LTFV”) imports of glycine from China. Following notification of a final determination by Commerce that imports of glycine from China were being sold at LTFV, the Commission determined on March 15, 1995 that a domestic industry was threatened with material injury by reason of LTFV imports of glycine from China.⁶ Consequently, on March 29, 1995, Commerce issued an antidumping duty order instructing the U.S. Customs Service to impose a 155.89 percent *ad valorem* “all companies” duty on imports of glycine from China.⁷

Subsequent Five-Year Reviews

On February 3, 2000, the Commission instituted the first five-year review on glycine from China.⁸ On June 30, 2000, the Commission completed an expedited five-year review of the subject order and determined that revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁹ Consequently, Commerce published a notice of continuation of the antidumping duty order on glycine from China, with an “all companies” rate of 155.89 percent.¹⁰

On June 1, 2005, the Commission instituted the second five-year review on glycine from China.¹¹ On November 3, 2005, the Commission completed an expedited five-year review of the subject order and determined that revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.¹² Consequently, Commerce published a notice of continuation of the antidumping duty order on glycine from China, with an “all companies” rate of 155.89 percent.¹³

⁶ 60 FR 14962, March 21, 1995.

⁷ *Antidumping Duty Order: Glycine from the People’s Republic of China*, 60 FR 16116, March 29, 1995.

⁸ 65 FR 5371, February 3, 2000.

⁹ 65 FR 43037, July 12, 2000.

¹⁰ 65 FR 45752, July 25, 2000.

¹¹ 70 FR 31534, June 1, 2005.

¹² 70 FR 66850, November 3, 2005.

¹³ 70 FR 69316, November 15, 2005.

Commerce New Shipper Reviews¹⁴

On November 15, 1999, Commerce initiated a new shipper review of Nantong Dongchang Chemical Industry Corp. (“Nantong Dongchang”).¹⁵ On January 31, 2001, Commerce determined that Nantong Dongchang was a new shipper within the meaning of the Act and assigned a firm-specific weighted-average margin of 17.99 percent to imports of glycine into the United States produced by that firm.¹⁶ On March 5, 2001, Commerce amended its firm-specific margin on Nantong Dongchang to 18.60 percent.¹⁷ Subsequent to the aforementioned review, three other new shipper reviews were filed. In each instance, no company-specific rates were given.¹⁸

SUMMARY DATA

Table I-1 presents a summary of data from the original investigation, the first review, the second review, and the current full five-year review.

Table I-1

Glycine: Comparative data from the original investigation, first review, second review and current review

* * * * * * *

PREVIOUS AND RELATED INVESTIGATIONS

Glycine has been the subject of prior antidumping duty investigations in the United States. In 1968, Chattem Drug and Chemical Co., the forerunner of today’s Chattem, filed an antidumping petition against imports of glycine from Japan, France, the Federal Republic of Germany, and the Netherlands. The Department of Treasury found no sales at LTFV from the Federal Republic of Germany or the Netherlands and issued a negative determination concerning Japan on the basis of the Japanese exporter’s agreement to discontinue LTFV sales. Antidumping duties were imposed on imports of glycine from France following an affirmative injury determination by the Commission. That finding was revoked in 1979.¹⁹

On March 30, 2007, GEO Specialty Chemicals, Inc. (“GEO”) of Lafayette, IN, filed antidumping duty petitions alleging that an industry in the United States is materially injured and threatened with

¹⁴ New shipper reviews are conducted upon a written request submitted to Commerce from a firm that claims not to have exported product subject to an antidumping duty order during the order’s original period of investigation. The “new shipper” can request that Commerce conduct a separate investigation to determine a firm-specific margin so that firm’s exports to the United States are not subject to the “all others” rate. In the case of a non-market economy such as China, firms requesting a separate rate through a new shipper review also have to demonstrate that they are not controlled by the central government. Commerce’s authority to conduct new shipper reviews is provided under section 751(a)(2)(B) of the Act, and its regulations pertaining to new shipper reviews are provided for under 19 C.F.R. Sec. 351.214.

¹⁵ 64 FR 61834, November 15, 1999.

¹⁶ 66 FR 8383, January 31, 2001.

¹⁷ 66 FR 13284, March 5, 2001.

¹⁸ Tianjin Tiancheng Pharmaceutical Co., Ltd. in 2002; Hebei New Donghua Amino Acid Co., Ltd. in 2003; and Jiangxi Ansun Chemical Technology Co., Ltd. in 2008.

¹⁹ *Aminoacetic Acid (Glycine) from France*, Inv. No. AA1921-61, Pub. 313 (Feb. 1970), 34 FR 18559 (1969); 35 FR 4676 (1970); 35 FR 5009 (1970); 44 FR 12417 (1979).

material injury by reason of LTFV imports of glycine from India, Japan, and Korea.²⁰ The Commission issued final negative determinations on Japan, Korea,²¹ and India.²²

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury—

(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--

(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,

(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,

(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and

(D) in an antidumping proceeding . . . , (Commerce’s findings) regarding duty absorption . . .

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,

(B) existing inventories of the subject merchandise, or likely increases in inventories,

(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and

²⁰ 72 FR 17580, April 9, 2007.

²¹ 73 FR 3484, January 18, 2008.

²² 73 FR 26413, May 9, 2008.

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

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

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

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Organization of the Report

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for glycine collected in the review is presented in appendix C. U.S. industry data are based on the questionnaire responses of two U.S. producers of glycine that are believed to have accounted for 100 percent of domestic production of glycine in 2010. U.S. import data are based on Commerce’s official import statistics. Related information on imports during the current review is from the questionnaire responses of 15 U.S.

importers²³ of glycine that are believed to have accounted for virtually all of the total subject U.S. imports during 2010 and for 17.9 percent of total U.S. imports of glycine from nonsubject sources.

No questionnaires were received from producers of glycine in China or nonsubject countries. Responses by U.S. producers, importers, and purchasers of glycine to a series of questions concerning the significance of the existing antidumping order and the likely effects of revocation of the order are presented in appendix D.

COMMERCE'S REVIEWS

Administrative Reviews²⁴

Commerce has completed administrative reviews of the outstanding antidumping duty order on glycine from China. The results of the administrative reviews are shown in table I-2.

Table I-2

Glycine: Antidumping duty margins for imports of glycine from China

Applicable <i>Federal Register</i> notice	Firm	Rate (in percent)
65 FR 36405, June 8, 2000 ¹	All companies rate	155.89
70 FR 54012, September 13, 2005 ²	Baoding Mantong Fine Chemistry Co., Ltd.	2.95
70 FR 58185, October 5, 2005	PRC-Wide Rate, including Nantong Dongchang Chemical Industry Corp.	155.89
72 FR 58809, October 17, 2007 ³	Nantong Dongchang Chemical Industry Corp.	38.67
74 FR 41122, August 14, 2009 ⁴	PRC-Wide Rate, including Nantong Dongchang Chemical Industry Corp.	155.89
74 FR 41122, August 14, 2009 ⁵	Baoding Mantong Fine Chemistry Co., Ltd.	33.67
74 FR 48223, September 22, 2009 ⁶	Baoding Mantong Fine Chemistry Co., Ltd.	37.18
¹ Continuation of the duty that was effective since the original investigation. ² Effective retroactively to the period of review beginning on March 1, 2003. ³ Effective retroactively to the period of review beginning on March 1, 2005. ⁴ Effective retroactively to the period of review beginning on March 1, 2007. ⁵ Effective retroactively to the period of review beginning on March 1, 2007. ⁶ Effective retroactively to the period of review beginning on March 1, 2007.		
Source: Cited <i>Federal Register</i> notices.		

²³ The importer's questionnaire received from ***, an importer of Chinese and Indian glycine, contained data that were unusable; the questionnaire received from ***, an importer of Chinese glycine in 2008 and 2009, provided data which have been excluded because of the altering/overbalancing effect that its high-end product would have on overall trends.

²⁴ No scope rulings and no duty absorption findings have been made with respect to the antidumping duty order.

Five-Year Review

Commerce has issued the final results of its expedited review with respect to the subject country. In its most recent five-year review, Commerce has continued the order upholding a PRC-wide -all companies rate of 155.89 percent.²⁵

THE SUBJECT MERCHANDISE

Commerce's Scope

The imported product subject to the antidumping and countervailing duty orders under review is as follows:

*The product covered by the 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"). 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, 62 FR 62288 (November 21, 1997). Although the HTSUS subheading is provided for convenience and Customs purposes, the written description of the merchandise under the order is dispositive.*²⁶

Tariff Treatment

Glycine is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 2922.49.40 and reported for statistical purposes under statistical reporting number 2922.49.4020. The current rate of duty for glycine is 4.2 percent *ad valorem*. At the time of the original investigation, general U.S. tariffs on glycine, applicable to U.S. imports that are products of China and classified under these headings, were also 4.2 percent.

²⁵ Notice of Final Results of Expedited Sunset Review of the Antidumping Duty Order: Glycine From the People's Republic of China, 76 FR 7150, February 9, 2011 (duty rate 155.89 percent).

²⁶ Notice of Final Results of Expedited Sunset Review of the Antidumping Duty Order: Glycine From the People's Republic of China, 76 FR 7150, February 9, 2011.

THE PRODUCT

Description and Applications²⁷

Glycine, also known as aminoacetic acid, is an organic chemical with the chemical formula $\text{NH}_2\text{CH}_2\text{COOH}$.²⁸ Glycine is a nonessential amino acid that is produced naturally by humans and other organisms as a building block for proteins. Commercial production of glycine uses traditional chemical synthesis. In its dried form, the form in which it is most often sold, glycine is a white, free-flowing powder. Glycine is odorless and sweet to the taste.

Glycine is typically sold in two main grades: United States Pharmacopeia (“USP”) grade and technical grade.²⁹ The glycine in these grades is chemically identical; the grades differ by the kind and amounts of impurities in the product. The USP-grade standard is stricter than technical-grade standard. The standard sets maximum allowable concentrations for impurities, such as arsenic, heavy metals, and chlorides. For technical-grade glycine, these maximum allowable concentrations for impurities are either less strict or not specified. USP-grade glycine is typically used for pharmaceutical and food applications, while technical grade-glycine is used for industrial applications. Some customers have even stricter requirements for the purity of glycine than those included in the USP standard. These higher purity products are often referred to as “pharmaceutical grade” glycine, but the purity standards for these products are set by individual customers, not by government or industry organizations.

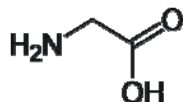
Because of the sweetness of glycine, it is used as a sweetener and flavor enhancer in food, beverage, and pharmaceutical products. Glycine is used to sweeten soft drinks, juice concentrates, and other beverages. Manufacture of medicaments and personal care products, such as mouthwash and toothpaste, use glycine to mask the bitter taste of some active ingredients. Glycine is used to enhance the flavor of animal feeds, both those for household pets and those for livestock. Pharmaceutical manufacturers use USP-grade glycine to promote the gastric absorption of certain drugs such as aspirin and to treat diarrhea in humans and animals. USP-grade glycine is required for products made for human or animal consumption.

Glycine is used as a buffering agent in certain products and manufacturing processes to maintain a stable pH. In antacids and analgesics, glycine helps to reduce the acidity of the digestive tract. In personal care products such as antiperspirants and cosmetics, glycine is used to reduce the acidity of other ingredients. USP-grade glycine is used in antacids and personal care products. Technical-grade glycine is used as buffer in the production of foam rubber sponges.

Glycine can also be used as a starting material for producing other organic chemicals or in metal finishing. USP-grade glycine is typically used in the production of other amino acids and

²⁷ Unless otherwise indicated, the information in this section is from *Glycine from China*, Inv. 731-TA-718 (Second Review), USITC Publication 3810, October 2005, p. I-5 or *Glycine from Japan and Korea*, Invs. 731-TA-1112-1113 (Final), USITC Publication 3980, January 2008, pp. I-8 through I-11.

²⁸ The Chemical Abstract Service (CAS) number for glycine is 56-40-6. A structural representation of the glycine molecule is given below.



²⁹ The United States Pharmacopeia is the official public standards-setting authority for all prescription and over-the-counter medicines, dietary supplements, and other healthcare products manufactured and sold in the United States. USP grade glycine conforms to the standards set by USP. See <http://www.usp.org/aboutUSP/> (accessed May 18, 2011).

pharmaceuticals. Technical-grade glycine is used in metal finishing to brighten metal surfaces or to enhance the adhesion of rubber to a surface.

Glycine is typically packaged and sold in plastic bags weighing from 50 to 200 pounds or in super sacks weighing up to 2,000 pounds. These bags and super sacks are placed on pallets and shipped by truck. Each package of glycine is accompanied by a certificate of analysis that gives the levels of moisture and impurities in the product.

Manufacturing Processes

There are two known processes for the commercial production of glycine: the hydrogen cyanide (HCN) process and the monochloroacetic acid (MCA) process. Both of these processes can be used to produce both technical and USP grades of glycine. GEO uses the HCN process and Chattem uses the MCA process. Most glycine producers in China use the MCA process.³⁰

The HCN process uses hydrogen cyanide and formaldehyde (H_2CO) as the primary starting materials. These chemicals are mixed with aqueous ammonia (NH_4OH) in the first reaction step of the process. The reaction product from this first step is then reacted with caustic soda (NaOH) to produce sodium glycinate. Glycine is produced when an acid, such as sulfuric acid, is mixed with sodium glycinate. The glycine solution then goes through one or more crystallization and filtration steps to produce a pure white, glycine powder.

For the MCA process, the primary feedstocks are monochloroacetic acid (ClCH_2COOH) and ammonia. These feedstocks are mixed together in the presence of a catalyst to produce glycine.³¹ The MCA process is the less economical process in terms of operating cost due to higher raw material and energy costs.³²

DOMESTIC LIKE PRODUCT

In its original determination, the Commission defined the domestic like product as all glycine of all purity levels.³³ In its first and second expedited determinations, the Commission continued to define the domestic like product as all glycine regardless of grade, coextensive with Commerce's scope.³⁴ In its notice of institution in this current five-year review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.³⁵ The two domestic producers commented on the Commission's definitions of domestic like product stating, "The GPOTUS agree with the definitions of domestic like product and domestic industry."³⁶ No party requested that the Commission collect data concerning other possible domestic like products in their comments on the Commission's draft questionnaires.

³⁰ *Glycine from Japan and Korea*, Inv. Nos. 731-TA-1112 and 1113 (Final), Publication 3980 (January 2008), p. I-10.

³¹ *Ibid.*, p. 8.

³² *Ibid.*, pp. 8–9.

³³ *Glycine from the People's Republic of China*, Inv. No. 731-TA-718 (Final), USITC Publication 2863 (March 1995).

³⁴ *Glycine from China*, Inv. No. 731-TA-718 (Review), USITC Publication 3315 (June 2000); *Glycine from China*, Inv. No. 731-718 (Second Review), USITC Publication 3810 (October 2005).

³⁵ *Glycine from China*, Investigation No. 731- TA-718 (Third Review), 75 FR 62141, October 7, 2010.

³⁶ *Substantive Response* of Thompson Hine, LLP, on behalf of Chattem and GEO (collectively, the "Glycine Producers of the United States" or "GPOTUS"), p. 16.

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigation, two firms supplied the Commission with information on their U.S. operations with respect to glycine. These firms accounted for 100 percent of U.S. production of glycine in 1994.³⁷ In this current proceeding, the Commission issued producers' questionnaires to two firms, which provided the Commission with information on their glycine operations. These firms are believed to account for 100 percent of U.S. production of glycine in 2010. Presented in table I-3 is a list of current domestic producers of glycine and each company's position on continuation of the order, production locations, related and/or affiliated firms, and share of reported production of glycine in 2010.

Table I-3

Glycine: U.S. producers, positions on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2010 reported U.S. production

Firm	Position on continuation of the orders	U.S. production location(s)	Related and/or affiliated firms	Share of production (percent)
Chattem	Support	Chattanooga, TN	Sun Pharmaceutical Industries, India ¹	***
GEO	Support	Deer Park, TX	not applicable	***
¹ ***.				
Source: Compiled from data submitted in response to Commission questionnaires.				

U.S. Importers

In the original investigation, 12 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of glycine, accounting for 94 percent of U.S. imports of glycine during 1994.³⁸ The first and second reviews were both expedited and did not utilize importer questionnaires.

In this current proceeding, the Commission issued importer questionnaires to 39 firms believed to be importers of subject glycine, as well as to all U.S. producers of glycine. Usable questionnaire responses were received from 15 companies, that are believed to have accounted for virtually all of total imports from China in 2010.³⁹ Table I-4 lists all responding U.S. importers of glycine from China and other sources, their locations, and their shares of U.S. imports in 2010. Of the 15 importers providing usable data, nine imported from China.

³⁷ The two U.S. producers that supplied the Commission with usable questionnaire information during the original investigation were: Chattem and Hampshire (today's GEO).

³⁸ *Glycine from the People's Republic of China*, Inv. No. 731-TA-718 (Final), USITC Publication 2863 (March 1995), p. II-27.

³⁹ As noted earlier, the importer's questionnaire received from ***, an importer of Chinese and Indian glycine, contained data that were unusable; the questionnaire received from ***, an importer of Chinese glycine in 2008 and 2009, provided data which have been excluded because of the altering/overbalancing effect that its high-end product would have on overall trends.

Table I-4

Glycine: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports in 2010

* * * * *

U.S. Purchasers

The Commission sent purchasers' questionnaires to approximately 55 firms believed to have purchased glycine during the period 2005-10. Thirty-three purchasers, accounting for 91.1 percent of U.S. apparent consumption of glycine in 2010, provided purchaser questionnaire responses. Based on questionnaire responses, the three largest reporting U.S. purchasers of glycine in 2010 were ***, *** reported glycine purchases of \$*** in 2010. ***, characterized itself as an end-user of glycine, producing pet food. The next largest responding purchaser of glycine, ***, reported glycine purchases of \$*** in 2010. ***, characterized itself as an end user of glycine, producing chelating agents and animal feed. The third largest responding purchaser of glycine, ***, reported glycine purchases of \$*** in 2010, and characterized itself as an end-user of glycine producing deodorants/antiperspirants.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

Data concerning apparent U.S. consumption of glycine during the period for which data were collected in this proceeding (2005-10) are shown in table I-5. The quantity of apparent U.S. consumption fluctuated, but decreased overall by 13.4 percent from 2005 to 2010. The U.S. producers' share of apparent consumption fluctuated over the period examined, being at its highest (**% percent) at the beginning of the period in 2005 and at its lowest (**% percent) in 2010. The share held by imports from China fluctuated from 2005 to 2007, and reached a peak in 2008, then decreased to a period low in 2009 before increasing again in 2010. From 2005 to 2007, India, Japan, and Korea accounted for in excess of **% percent of nonsubject imports. For the remainder of the period of review, India and Japan accounted for **% to **% percent of nonsubject imports as imports from Korea dropped to zero from 2008 to 2010.

Table I-5

Glycine: U.S. shipments of domestic product, U.S. imports, by source, apparent U.S. consumption, and market shares, 2005-10

* * * * *

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

U.S. MARKET CHARACTERISTICS

Glycine is a nonessential amino acid that is most typically sold as a dry free-flowing powder. Glycine has many varied uses and characteristics which depend on the level of purity required.¹ USP-grade glycine is used in food, cosmetic or some medical uses, and accounts for approximately 89 percent of the U.S. glycine market. Pharmaceutical-grade glycine is a subset of the USP grade, but must meet additional specifications and testing. Pharmaceutical-grade glycine has the strictest purity standards and is used in intravenous injections. Pharmaceutical-grade glycine has the smallest share of the U.S. market, accounting for approximately 8 percent of the U.S. glycine market. The lower purity form, technical grade, accounts for approximately 10 percent of the U.S. market, and is used in the production of sponges, and in metallurgical and chemical applications.²

CHANNELS OF DISTRIBUTION

As seen in table II-1, the vast majority of glycine is generally sold directly to end users. This distribution pattern was consistent from 2005 to 2010 for both domestic producers and U.S. imports of nonsubject glycine. The shifts between distributors and end users of U.S. shipments from China is primarily a result of the limited number of importers and sporadic participation in each year.³

Table II-1

Glycine: Channels of distribution for commercial shipments of domestic product and subject imports sold in the U.S. market (as a percentage of total shipments), by year and by country, 2005-2010

* * * * *

Geographic Distribution

*** responding U.S. producers reported selling to all regions within the contiguous United States. Two of eight responding importers of glycine from China reported selling glycine to all regions within the contiguous United States, one of which additionally sold product to all “other” regions.⁴ The remaining responding importers’ sales were distributed throughout the various U.S. regions.⁵ Details regarding the geographic presence of U.S. producers and importers of glycine appear in table II-2.

¹ Staff notes from ***.

² The lowest purity firm, industrial grade, accounts for less than one percent of the U.S. market, and is used as a cleaning agent. Staff notes from ***, and hearing transcript, p. 80 (Mahoney).

³ ***, the largest importer of glycine from China during period of review *** from 2006 to 2008 but sold only a small quantity in 2009 and did not report any U.S. shipments for 2010. *** was the only other importer that reported U.S. shipments of glycine from China in 2009, all of which was sold to distributors. Importer *** was the largest importer of glycine from China in 2010, and had not imported glycine from any source previously. *** of *** U.S. shipments of subject glycine was sold directly to ***.

⁴ “Other” includes all other markets not in the contiguous United States, including AK, HI, PR, VI, among others.

⁵ Of the remaining six importers of glycine from China, one importer only sells to the Mountains region; one importer only sells to the Midwest; and four importers supply three or more regions, including to the Northeast (3), the Midwest (3), the Pacific Coast (3), the Southeast (2), the Central Southwest (1), and the Mountains (1).

Table II-2

Glycine: Geographic market areas in the United States served by domestic producers and importers

Region	Producers	Importers	
	United States	China	Other
Northeast ¹	***	5	3
Midwest ²	***	6	6
Southeast ³	***	4	2
Central Southwest ⁴	***	3	2
Mountains ⁵	***	4	3
Pacific Coast ⁶	***	5	1
Other ⁷	***	1	0
¹ Includes CT, ME, MA, NH, NJ, NY, PA, RI, and VT. ² Includes IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, and WI. ³ Includes AL, DE, DC, FL, GA, KY, MD, MS, NC, SC, TN, VA, and WV. ⁴ Includes AR, LA, OK, and TX. ⁵ Includes AZ, CO, ID, MT, NV, NM, UT, and WY. ⁶ Includes CA, OR, and WA. ⁷ Includes all other markets in the United States not previously listed, including AK, HI, PR, VI, among others.			
Source: Compiled from data submitted in response to Commission questionnaires.			

SUPPLY AND DEMAND CONSIDERATIONS

Supply

Domestic Production

Based on available information, staff believes that U.S. glycine producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced glycine to the U.S. market. The main contributing factors to the small degree of responsiveness of supply are discussed below.

Industry capacity

Capacity for U.S. producers of glycine remained constant at *** pounds during the period of review. As seen in figure II-1, capacity utilization for U.S. producers of glycine decreased irregularly from *** percent in 2005 to *** percent in 2010, with capacity utilization reaching a peak during 2008 at *** percent. In 2008, demand for glycine outpaced global supply, and U.S. purchasers

were placed on allocation. By 2010, *** U.S. shipments in 2009.⁶ These levels of capacity utilization indicate that the U.S. producers of glycine have a *** amount of unused capacity with which they could increase production of glycine in the event of a price change.

Figure II-1

Glycine: U.S. producers' capacity utilization, January 2005-December 2010

* * * * *

Both U.S. producers, a majority of importers (8 of 12), and a majority of purchasers (18 of 27) noted that U.S. supply conditions have not changed since 2005. Of those that noted changes, two importers reported a global shortage of glycine during 2008, with one importer indicating that the shortage was due to the increased production of glyphosate.^{7 8} Also noted by at least one importer were: previous antidumping investigations, the price of oil, and the decreasing price of domestic product. Nine of 27 responding purchasers reported that supply conditions in the glycine market had changed since 2005. Several purchasers reported that domestic demand has exceeded domestic supply, particularly during 2008. Several purchasers reported increases of raw material costs, glycine prices, and global energy costs as factors that have affected the availability of U.S.-produced glycine in the United States.

Supply constraints

***.^{9 10} During 2007, *** were delivered late.¹¹

In 2008, China temporarily closed its glycine-producing facilities to reduce pollution ahead of the 2008 Summer Olympics in Beijing. The unforeseen shutdown led to a temporary tightness in the global glycine market.¹² ***. Six U.S. purchasers (***) reported that their primary supplier, ***, placed them on allocation during 2008.¹³ ***.

For the first half of 2011, *** produced ***. Two non-contract spot purchasers, ***, reported that *** refused to accept new orders for glycine during 2011, and will service existing contract customers only.¹⁴ Another non-contract spot purchaser, ***, reported that ***. *** reported that, as of April 2011, distributors selling domestic material have been unable to ship material for up to six to eight weeks.¹⁵

Alternative markets

Domestic producers' export share has increased since 2005, but still accounted for *** percent or less of total shipments in each year throughout 2005-10, indicating that domestic glycine producers are

⁶ ***. GPOTUS' posthearing brief, response to Commissioner Aranoff and Commissioner Pearson, p. 1.

⁷ ***. ***'s producer questionnaire response, Attachment E.

⁸ ***. U.S. producer questionnaire response, attachment A *CI Plan Document 2011*, October 18, 2010, p. 6.

⁹ ***'s producer questionnaire response, section IV-28.

¹⁰ GEO's next required maintenance shutdown is scheduled in 2012. According to GEO, ***. GPOTUS' posthearing brief, p. 2.

¹¹ Since 2007, ***. GPOTUS' posthearing brief, exhibit 4.

¹² Hearing transcript, p. 27 (Button) and pp. 42, 70 (Eckman).

¹³ U.S. purchaser *** also reported that it was placed on allocation by GEO in 2005 as well.

¹⁴ According to both ***, ***, pp. 5-6. ***.

¹⁵ Spot and contract sales are discussed further in Part V.

constrained in their ability to shift shipments between the United States and other markets in response to price changes. In its questionnaire response, *** reported that it cannot easily shift from shipping domestically to exporting, stating that the company's sales and marketing are focused primarily on the U.S. market because of the large-scale production of pet food and antiperspirants, which are the primary end uses of glycine in the United States.

Inventory levels

U.S. producer *** reported shipping *** percent of its sales in 2010 from inventory and *** reported shipping *** percent of its sales from inventory. U.S. producers' glycine inventories as a ratio to their total glycine shipments increased irregularly from *** percent in 2005 to *** percent in 2010. Glycine tends to absorb moisture; this causes it to harden if stored for several months, making it unusable.¹⁶ Reported inventory data suggest that U.S. producers of glycine may *** ability to use inventories as a means of increasing shipments of glycine to the U.S. market.

Production alternatives

Both producers stated that they were unable to switch production from glycine to other products using the same equipment and machinery.

Supply of Subject Imports from China

The Commission received no questionnaire responses from Chinese producers in this review.
***¹⁷ ***¹⁸

Figure II-2
Glycine: Supply of glycine in China, 2005-10

* * * * *

The majority of importers (10 of 13) reported that they do not anticipate any changes in term of the availability of glycine imported from China in the U.S. market.

Nonsubject Imports

According to official Commerce statistics, nonsubject imports accounted for 73.9 percent of all imports of glycine in 2005, which increased irregularly to 86.8 percent in 2010. From 2005 through 2008, Japan was the largest nonsubject source of glycine; India was the largest nonsubject source during 2009 and 2010. In 2008, imports of glycine from India and Japan accounted for 53.9 percent of all imports, increasing to 94.2 percent in 2009 and 82.2 percent in 2010.

Both U.S. producers reported that the availability of nonsubject glycine has changed since 2005. *** reported that the Europe's sole producer of glycine (Tessenderlo) closed its production facility because it no longer could compete with imports from China. *** reported that one of two major manufacturers of glycine in Japan is temporarily offline due to radiation-related safety concerns and the

¹⁶ Staff notes from ***.

¹⁷ ***'s producer questionnaire response, Attachment E. ***'s producer questionnaire response, Attachment D.

¹⁸ ***'s producer questionnaire response, Attachment E.

discontinuation of the water supply caused by the earthquake/tsunami in March of 2011. It is still unclear when operations will restart¹⁹. *** reported that imports of glycine from India have doubled since 2005. GEO and Chattem alleged that much of the glycine identified as Indian-origin glycine upon entry into the United States is actually Chinese-origin glycine subject to the antidumping duty order.²⁰

Five purchasers (***) reported supply constraints from nonsubject suppliers since 2005. Two purchasers reported that their Indian supplier (****) was unable to supply glycine due to availability issues between 2007 and 2009; another purchaser reported that the tsunami in India interrupted glycine supply temporarily, but did not report the particular year. ****, a purchaser of non-domestic glycine, reported experiencing supply shortages from March to May of 2008.

U.S. Demand

Based on available information, staff believes that glycine purchasers are likely to respond to changes in the price of glycine with relatively small changes in their purchases of glycine. The main contributing factors to the low responsiveness of demand are the low cost share and the lack of commercially viable substitute products.

Demand Characteristics

Apparent Consumption

Demand, as measured by apparent U.S. consumption, increased irregularly from *** pounds in 2005 to *** pounds in 2008 and then decreased to *** pounds in 2010.

End Uses

U.S. demand for glycine depends on its end-use markets. Glycine is used as a sweetener in foods, pharmaceuticals, personal care products, and animal feed; as a buffering agent in antacids, analgesics, antiperspirants, cosmetics, toiletries, and in production of rubber sponge products and fertilizers; as a chemical intermediate in a variety of chemical products; as a metal complexing and finishing agent; as a dietary supplement; as an agent which improves gastric absorption of certain drugs; and has some intravenous uses. The grade of glycine required by purchasers varies across end uses.

Purchasers were asked to estimate their firm's purchases of glycine in 2010 for specified end uses. As seen in table II-3, glycine was used principally in pet food and deodorant/antiperspirant applications.

¹⁹ GPOTUS' posthearing brief, response to Commissioner Williamson and Commissioner Pearson, p. 28 and exhibit 15.

²⁰ On December 18, 2009, GEO and Chattem filed a request for initiation of an anticircumvention inquiry. In response to this request, the Department of Commerce is examining whether the activities of three Indian companies, Salvi Chemical Industries, Paras Intermediaries Pvt. Ltd., and AICO Laboratories are circumventing the antidumping duty order on glycine from China. In their Circumvention Allegation, GEO and Chattem allege that all three Indian companies are importing technical-grade glycine from companies in China, processing and/or repackaging the Chinese-origin glycine then exporting the finished product to the United States, marked as Indian-origin glycine. See *Glycine from the People's Republic of China: Initiation of Antidumping Anti-circumvention Inquiry*, 75 FR 66352, October 28, 2010.

Table II-3**Glycine: Share of glycine purchases in end-use markets, 2010**

End-use product	Share of glycine purchases in 2010 (percent)
Pet food	53.4
Cosmetic additive (deodorant/antiperspirant)	29.4
Chemical processing	3.9
Vitamins, mineral supplements, nutraceuticals	3.5
Food additive for human consumption	2.7
Animal feed	2.1
Fertilizer	1.8
Research/molecular biology diagnostics	1.2
Pharmaceutical additive	1.2
Metal complexing or finishing agent	0.7
Source: Compiled from data submitted in response to Commission questionnaires.	

The majority of U.S. producers, importers, purchasers, and foreign producers reported no changes in the end uses of glycine since 2005. *** reported there has been an increase of glycine used in nutraceuticals, such as health bars. One importer and three purchasers reported that less glycine is being used in the manufacture of their products. The overwhelming majority of firms did not anticipate any changes in the end uses of glycine in the future.

Business Cycles

U.S. producers, importers, and purchasers were asked if the glycine market was subject to business cycles other than changes in the overall economy or conditions of competition distinctive to the glycine market. The majority of importers and purchasers reported that glycine was not subject to business cycles or distinctive conditions of competition. However, both U.S. producers, 4 of 12 responding importers, and 4 of 25 purchasers responded “yes.” *** reported that the glycine market is driven by the volatile raw material costs and competitors’ price.²¹ Importer *** reported that the supply conditions in Japan, India, and Korea have an effect on the glycine market. Importer and purchaser *** reported that Japanese currency changes have had an effect as well. Purchaser *** reported that the fluctuating capacity of Chinese manufacturers affects the glycine markets.

U.S. producers, importers, and purchasers were asked if the business cycles or conditions of competition for glycine have changed since 2005. Both U.S. producers, half of the importers, and the majority of purchasers reported that the business cycles or conditions of competition have not changed since 2005. However, 6 of 12 responding importers and 7 of 22 responding purchasers reported various changes in business cycles and conditions of competition since 2005. Firms most frequently noted the recession during 2008 and limited availability of glycine as conditions affecting the glycine market. Firms described changes in availability attributable to the antidumping orders as affecting the market

²¹ Raw material costs affect supply and should not affect demand.

structure, the cessation of glycine production in Europe, the increased number of antiperspirant manufacturers outside the United States, and limited availability of domestic supply.

Demand Perceptions

U.S. producers, importers, and purchasers were asked how demand has changed within the United States for glycine since 2005, as well as how they anticipate demand to change. Their responses are summarized in table II-4 and are discussed below.

Table II-4

Glycine: U.S. producer, importer, and purchaser perceptions regarding the demand for glycine in the United States

Item		Increase	No Change	Decrease	Fluctuate
Demand since 2005	U.S. producers	***	***	***	***
	Importers	3	4	1	4
	Purchasers	10	11	1	7
Anticipated demand changes	U.S. producers	***	***	***	***
	Importers	3	5	0	3
	Purchasers	11	10	1	5
Source: Compiled from data submitted in response to Commission questionnaires.					

Overall, a plurality of firms reported that demand for glycine has not changed since 2005, and a majority reported that demand had either increased or not changed. *** reported that demand decreased during the recession but has since recovered. Despite indicating that demand has fluctuated, *** stated that the primary end uses of glycine (pet food and antiperspirant) do not experience significant fluctuations in demand, and therefore demand for glycine usually remains constant.

U.S. demand for glycine depends on the level of demand for downstream products using glycine. Purchasers that were end users of glycine were asked to describe how demand for their final products incorporating glycine has changed since 2005. Seven of 19 responding end users reported that demand for their final products had increased,²² four end users reported that demand for their final product had decreased,²³ four end users reported that demand for their final products had fluctuated, and four end users reported that demand for their final products had remained unchanged.

When asked about anticipated changes in glycine demand in the United States, perceptions were split between an increase and no change in future demand. *** anticipate an increase in new end uses which would increase the demand for glycine. Purchasers *** reported that they anticipated an increase in demand for downstream products including antiperspirants and new drug development. Purchaser *** reported that the principal factor in anticipating glycine demand is the demand for glyphosate and other pesticides/fertilizers.

²² The final products or services provided by these end users included pet food, cosmetic additives, pharmaceutical additives, metal finishing, chemical processing, and animal feed.

²³ All four of these end users produced food additive products.

Cost Share

Purchasers were asked to estimate the percentage of glycine in the total cost of the end product. Since glycine is used in many different applications with relevant cost shares varying greatly, purchaser cost-share estimates ranged from 5 percent or less (cold lozenges, animal feeds, mineral supplements, and pet food flavor), to 25 percent for cosmetic additives, to 70-80 percent (chelating agents, and glycinate).

Substitute Products

When asked if there are any products that may be substituted for glycine, only 1 of 13 responding importers and 1 of 28 purchasers reported any substitute products for glycine. Importer *** identified other amino acids as a substitute for glycine, and reported that the change in price of other amino acids does not affect the price of glycine. Purchaser *** identified lysine as a substitute for glycine as a chelating agent. *** reported that it is conducting research to identify additional substitutes for glycine. No other producer, importer, or purchaser reported any changes in the number or types of products that can be substituted for glycine since 2005, nor do they anticipate any new substitutes in the future.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestically produced and imported glycine depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on the available information, staff believes that, on the whole, there is likely to be a moderately high degree of substitution between glycine produced in the United States and that produced in China.

Purchaser Characteristics

The Commission received questionnaire responses from 33 purchasers.²⁴ Seventeen purchasers described themselves as end users, 15 purchasers described themselves as distributors, 1 purchaser described itself as a manufacture of various agricultural products and animal supplements, and 1 purchaser described itself as a vitamin and mineral pre-mixer.²⁵

The market for glycine is concentrated among few high-volume end users. The three largest U.S. purchasers of glycine *** represented approximately 70 percent of the total U.S. glycine purchases during the period of review. These firms consume glycine that is USP grade and produce products intended for consumption (pet food, animal feed, or nutraceuticals), or cosmetic applications (antiperspirant actives).

Knowledge of Country Source

Purchasers were asked to indicate the countries of origin for which they have actual glycine marketing/pricing knowledge. Twenty-six of 28 responding purchasers were familiar with U.S.-produced glycine, 13 were familiar with product from China, and 11 were familiar with those from other countries including India (6), Japan (5), Korea (2), Belgium (1), the EU/Germany (1).

Purchasers were also asked how frequently they and their customers made purchasing decisions based on the country of origin, or the manufacturer, of glycine (table II-5). The majority of purchasers reported that both their firms and their customers “sometimes” or “never” make purchase decisions based

²⁴ Not every purchaser responded to every question in the questionnaire.

²⁵ U.S. purchaser *** described itself as both a end user and a distributor.

on the country of origin or the manufacturer, although the manufacturer is relatively more important for purchasers in their purchase decisions than it is for their customers. Three purchasers noted that they consider quality as the principal factor in purchase decisions, not the country of origin. Four purchasers reported that their customers request domestically produced glycine. Twelve purchasers reported that their purchases of glycine must come from an approved manufacturer that meets quality and certification standards.

Table II-5

Glycine: Purchaser responses to questions regarding the origin of their purchases

Purchaser/customer decision	Always	Usually	Sometimes	Never
Purchaser makes purchase decision based on country of origin	6	7	8	11
Purchaser makes purchase decision based on the manufacturer	12	4	6	11
Purchaser's customer makes purchase decision based on country of origin	4	4	11	12
Purchaser's customer makes purchase decision based on the manufacturer	6	3	12	11

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

Factors Affecting Purchasing Decisions

Available information indicates that a variety of factors are considered important in the purchasing decision for glycine. While quality and price were mentioned as being important factors in the purchase of the product, other factors such as availability are also important considerations. Purchasers were asked to identify the three major factors considered in deciding from which firm to buy glycine. As indicated in table II-6, quality was most frequently cited as the most important factor, availability was most frequently cited as the second most important factor, and price was most frequently cited as the third most important factor. Price was cited most frequently as one of the top three factors purchasers consider when choosing a supplier of glycine.

Table II-6**Glycine: Ranking factors used in purchasing decisions by U.S. purchasers**

Factor	Number of firms reporting			
	First	Second	Third	Total
Price	4	9	12	23
Quality	14	3	5	20
Availability	6	10	2	17
Meet customer	2	0	1	3
Reliability of supply	1	2	2	3
Payment terms	0	0	3	3
Other ¹	3	6	3	12
¹ Other factors include USP grade, product source, and pre-approved vendor for the first factor; delivery time, lead time, qualified supplier, consistency, and meet Good Manufacturing Practice standards for the second factor; and extension of credit, purity, and technical support for the third factor.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Of the 33 purchasers that responded when asked how often they purchase the glycine that is offered at the lowest price, 12 firms indicated “never,” 10 firms indicated “sometimes,” 9 firms indicated “usually,” and 2 firms indicated “always.” Eighteen purchasers also reported that they purchased higher-priced glycine from one source although a comparable product was available at a lower price from another source. Reasons provided by purchasers for doing so include: quality, reliability, shorter lead times, minimum order size, poor customer service, customer preference, meeting Good Manufacturing Practices (“GMP”) standards set by the FDA, and contractual obligations. Most firms did not specify the country of origin of the higher-priced glycine that they purchased.

Purchasing Patterns

Purchasers were asked how frequently they purchased glycine. Of the 33 responding purchasers, 10 purchased glycine monthly, 9 purchased quarterly, 4 purchased weekly, 3 purchased annually, 2 purchased bimonthly, 1 purchased daily, and 4 purchased on an as-needed basis. When asked if purchasers expected their purchasing pattern to change in the next two years, 30 of 33 purchasers responded “no.” The remaining three purchasers indicated no consistent change, with one anticipating an increase in purchasing frequency, one anticipating a reduced frequency in purchasing, and one anticipating a fluctuating purchasing pattern.

The majority of purchasers (17 of 27) contact more than one supplier before making a purchase. Fourteen purchasers reported contacting between 2-3 suppliers, two purchasers reported contacting 4 suppliers, and one purchaser reported contacting 5 suppliers before making a purchase. The remaining ten responding purchasers reported contacting only 1 supplier before making a purchase. Seventeen of 32 responding purchasers reported negotiations between the supplier and the purchaser when purchasing glycine. Five purchasers, ***, reported that competitive prices are not quoted during the negotiation process.

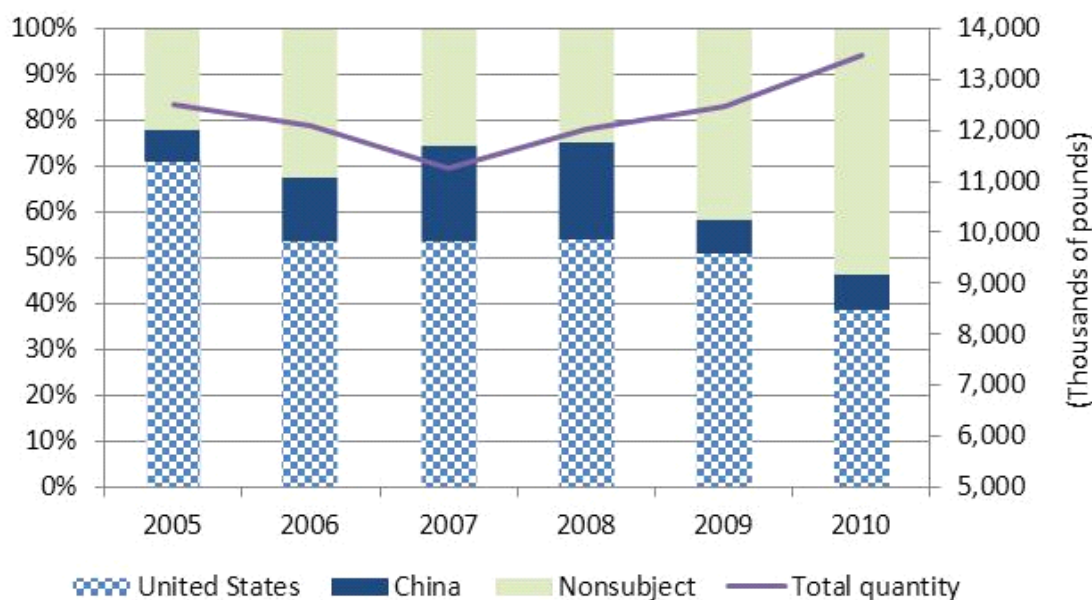
Purchasers were asked a number of questions about whether their purchasing patterns for glycine from subject and nonsubject sources had changed since 1995. Nine of 32 responding purchasers reported that they had purchased glycine from China before 1995, but only two of these reported no changes in their purchasing patterns since 1995. One firm indicated that it had discontinued its purchases from China, and three purchasers reported decreasing their purchases since the order. *** reported an initial

reduction of purchases from China, but between 2005 and 2010 its purchases of glycine from China fluctuated as U.S. prices increased and U.S. manufacturers could not meet supply needs. *** reported having to change its purchasing patterns due tight supply, particularly during the antidumping investigations involving India and Japan during 2006-07. *** reported a reduction of purchases from China because its customers have begun to request that all raw materials come from countries other than China.

Fourteen purchasers reported that their purchases from nonsubject countries were essentially unchanged; three increased their purchases from nonsubject countries because of the order; and four changed their purchases from nonsubject countries for reasons other than the order (e.g., supply, higher prices, NAFTA requirements). Six purchasers reported that they did not purchase from nonsubject countries before or after the order.

As shown in figure II-3, purchase shares of domestically produced glycine, as reported by U.S. purchasers, decreased since 2005. Although nonsubject shares fluctuated from 2005 to 2008 (remaining between 20 and 30 percent), beginning in 2009, purchase shares of nonsubject glycine increased to over 40 percent in 2009 and more than 50 percent in 2010. Purchase shares of Chinese-produced glycine increased from 2005 to 2008, but then fell during 2009-10. The total quantity of glycine purchased on a yearly basis increased by 8 percent from 2005 to 2010. In 2007, the quantity of glycine purchased decreased by 10 percent from 2005 levels. This decrease is attributed to a reduction in both domestic and nonsubject purchases, and correlates with the domestic and Indian supply constraints in 2007 reported by purchasers.²⁶

Figure II-3
Glycine: Shares of purchased quantities of glycine by source, 2005-2010



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

²⁶ U.S. imports from India decreased by 63 percent in 2007 to 828 thousand pounds, but then increased to 2,588 thousand pounds in 2008. See Part IV for further details.

Importance of Specified Purchase Factors

Purchasers were asked to rate the importance of 15 factors when making their purchasing decisions (table II-7). The factors listed as “very important” by at least two-thirds of the responding firms were product consistency (all 33 purchasers); quality meets industry standards (29); reliability of supply (29); availability (27); price (27); and delivery time (22).

Table II-7

Glycine: Importance of purchase factors, reported by U.S. purchasers

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	27	1	0
Delivery terms	13	11	1
Delivery time	22	8	2
Discounts offered	8	15	8
Extension of credit	7	17	7
Minimum quantity requirements	5	17	10
Packaging	6	24	2
Price	27	5	0
Product consistency	33	0	0
Product range	5	14	12
Quality exceeds industry standards	29	2	1
Quality meets industry standards	19	9	4
Reliability of supply	29	4	0
Technical support/service	15	10	7
U.S. transportation costs	11	18	3
Other ¹	3	0	0
¹ One purchaser reported meeting specification as a very important factor, one purchaser reported taste, texture, and dissolution as a very important factor, and one purchaser reported impurity/metal as a very important factor.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Factors Determining Quality

Purchasers were asked to identify the factors that determine the quality of glycine. Purchasers reported numerous factors. These factors include the following: purity (10); meets specifications (8); clumping/solubility issues (8); meets USP²⁷ specifications (7); meets testing parameters (4); customer-approved manufacturer (4); free of heavy metals and melamine contamination (4); an approved and verified current GMP facility (1); personnel (1); crystalline appearance (1); and on-sight audit (1).

²⁷ Glycine that is tested against and certified according to the specific requirements of the United States Pharmacopeia (USP).

Three of 27 responding purchasers reported that certain grades/types/sizes of glycine were available from only one source (either domestic or foreign). *** reported that the material purchased is from its parent company, and is certified as USP/EP/JP²⁸ material and packaged in accordance with clean room standards. *** reported problems in the past with quality and reliability, and therefore it purchases from a single source to ensure a smooth production process.

Supplier Certification

U.S. purchasers were asked whether or not they required their glycine suppliers to become certified or pre-qualified. Twenty-seven of 33 responding purchasers reported that they require suppliers to become certified for all of their purchases. Fifteen purchasers reported conducting quality audits, trial delivery periods, packaging requirements, and financial qualification analysis when qualifying a new supplier. Two purchasers reported that the product must be verified as Kosher. Twenty-five purchasers provided information on the time necessary to qualify a supplier, ranging from one day to one year, with 7 purchasers reporting ranges from 30 to 45 days and 7 purchasers reporting ranges from 90 to 180 days.

When asked if any domestic or foreign suppliers had failed to obtain certification, five²⁹ of 33 purchasers reported “yes.” *** reported that *** and *** were both dropped as suppliers because of quality concerns. Purchaser *** reported that *** had failed to meet its quality standards. *** reported that it currently does not purchase any glycine manufactured in India because Indian producers have not passed its pre-shipping screening tests in the past. One purchaser, ***, did not provide any further explanation.

Lead Times

U.S. producer *** reported that *** of its sales came from inventory, whereas *** reported that *** of its sales were produced to order. Importers reported that approximately 78 percent of their sales in 2010 came from foreign inventory; 13 percent came from U.S. inventory; and 9 percent was produced to order. Lead times for the U.S. producers averaged about 5 days for sales from inventories; lead times for produced-to-order glycine shipments ranged from 14 to 20 days. Importers reported lead times that ranged from 2 to 5 days for shipments coming from U.S. inventories, 30 to 50 days for sales from foreign inventories, and 40 to 60 days for glycine that is produced to order.

Comparisons of Domestic Product, Subject Imports and Nonsubject Imports

Purchasers were asked a number of questions comparing glycine produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on 15 factors for which they were asked to rate the importance of various purchasing factors (table II-8). When comparing U.S. product to the Chinese product, most responding purchasers reported that U.S. product was superior to the Chinese product in terms of delivery times, product consistency, and technical support. U.S. product and Chinese product were comparable for all other characteristics except for price for which the Chinese product was rated as superior. The majority of purchasers reported that the U.S. product was comparable to the Japanese product for all characteristics. At least half of responding purchasers reported that the U.S. product was superior to the Indian product with respect to delivery terms, delivery times, product consistency, technical support, and U.S. transportation costs; U.S.

²⁸ Glycine that is tested against and certified according to the specific requirements of the European Pharmacopeia (“EP”) and Japanese Pharmacopeia (“JP”).

²⁹ While *** reported “yes,” it stated in its explanation that it only purchases material from *** and does not have any interest in purchasing material from other sources.

purchasers reported that U.S. product and Indian product was comparable for all other characteristics except price. At least half of responding purchasers reported that the U.S. product was superior to Korean product with respect to delivery terms, delivery times, quality exceeds industry standards, reliability of supply, and technical support; a majority of U.S. purchasers reported that U.S. product and Korean product were comparable for all other characteristics.³⁰

Table II-8

Glycine: Comparisons of product by source country, as reported by U.S. purchasers

Factor	U.S. vs China			U.S. vs Japan			U.S. vs. India			U.S. vs. Korea		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	6	10	3	2	8	1	1	5	2	2	3	1
Delivery terms	6	12	1	2	9	0	3	5	0	3	3	0
Delivery time	9	9	1	4	7	0	4	4	0	3	3	0
Discounts offered	1	13	4	1	10	0	1	6	2	2	3	1
Extension of credit	2	12	2	2	8	0	1	7	0	2	2	0
Minimum quantity requirements	4	9	1	1	9	0	1	6	0	2	3	0
Packaging	5	13	1	0	11	0	1	7	0	1	5	0
Price ¹	1	5	11	1	7	4	0	3	5	2	1	2
Product consistency	9	10	0	1	9	1	3	5	0	2	4	0
Product range	3	13	1	1	8	2	1	7	0	2	4	0
Quality exceeds industry standards	8	11	0	1	9	0	3	5	0	3	3	0
Quality meets industry standards	3	15	0	1	9	1	2	6	0	2	3	0
Reliability of supply	6	12	1	1	10	0	3	5	0	3	3	0
Technical support/service	10	7	0	3	7	1	4	4	0	3	3	0
U.S. transportation costs ¹	6	12	1	3	6	2	3	5	0	2	3	1
¹ A rating of superior means that price/U.S. transportation cost is generally lower. For example, if a firm reported "U.S. superior", it meant that the price of the U.S. product was generally lower than the price of the imported product. Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. Source: Compiled from data submitted in response to Commission questionnaires.												

In order to determine whether U.S.-produced glycine can generally be used in the same applications as imports from China, U.S. producers, importers, and purchasers were asked whether glycine can "always," "frequently," "sometimes," or "never" be used interchangeably. Both U.S. producers reported that domestic and imported product are *** interchangeable. U.S. producer

³⁰ Purchasers were split when comparing the price of U.S.-produced glycine and glycine produced in Korea with two purchasers reporting that U.S.-produced product was superior in terms of price, and two purchasers reporting that it was inferior.

*** and U.S. purchaser *** stated that any glycine that meets particular grade specifications (e.g., pharmaceutical, USP, or technical) is interchangeable from any country source; USP- and technical-grade glycine are sold based upon widely known standards. The majority of importers and purchasers reported that domestic and imported glycine are “always” or “frequently” interchangeable (table II-9). None of the importers or purchasers reported reasons why product was only “sometimes” or “never” interchangeable.

Table II-9

Glycine: Perceived interchangeability of products produced in the United States and in other countries by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	***	***	***	***	7	2	2	0	8	11	1	4
U.S. vs. nonsubject	***	***	***	***	7	2	1	0	6	9	4	1
China vs. nonsubject	***	***	***	***	6	2	2	0	5	7	4	1

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

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

In addition, producers, importers, and purchasers were asked to assess how often differences other than price were significant in sales of glycine from the United States, China, or nonsubject countries (table II-10). Both U.S. producers reported that differences other than price were *** important for any country combination. Responses from importers and purchasers were mixed, with slightly more than half of responding firms reporting that differences other than price between U.S.-produced glycine and Chinese imports are “always” or “frequently” a significant factor. When comparing the United States to nonsubject countries, responses from importers and purchasers were also mixed, with more than half of the responding firms reporting that differences other than price are “sometimes” or “never” a significant factor.

Table II-10

Glycine: Perceived significance of differences other than price between products produced in the United States and in other countries, by country pairs

Country pair	U.S. producers				U.S. importers				U.S. purchasers			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. China	***	***	***	***	5	0	2	2	10	4	6	4
U.S. vs. nonsubject	***	***	***	***	2	0	2	4	5	3	7	5
China vs. nonsubject	***	***	***	***	3	0	3	2	4	1	7	4

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

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

ELASTICITY ESTIMATES³¹

This section discusses the elasticity estimates; party comments are noted below.

U.S. Supply Elasticity

The domestic supply elasticity for glycine measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price for glycine. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the existence of inventories, and the availability of alternate markets for U.S.-produced glycine. Analysis of these factors indicate that the U.S. industry has a moderate ability to increase domestic shipments in response to price increases. The supply elasticity is likely to be in the range of 2.0 to 4.0. GPOTUS reported that it agrees with the staff's estimate of U.S. supply elasticity.³²

U.S. Demand Elasticity

The U.S. demand elasticity for glycine measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of glycine. This sensitivity depends on the availability and viability of substitute products as well as on the component share of glycine in the production of downstream products. There are almost no products that can be successfully substituted for glycine. Glycine is typically used to produce a wide range of products including food, animal feed, deodorant, cosmetics, and a wide range of other products. Demand elasticity is likely to be in the -0.3 to -0.6 range. GPOTUS reported that it agrees with the staff's estimate of U.S. demand elasticity.³³

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported glycine. Product differentiation, in turn, depends upon such factors as the grade of product, quality, and conditions of sale (availability, delivery, etc.). Based on factors presented earlier, the elasticity of substitution is likely to be in the range of 4.0 to 6.0. GPOTUS reported that the elasticity of substitution likely is at the high end of staff's estimates of 4 to 6.³⁴

³¹ The elasticity responses in this section refer to changes that could occur within 12 months, unless otherwise indicated.

³² GPOTUS' prehearing brief, p. 13.

³³ GPOTUS' prehearing brief, p. 3.

³⁴ GPOTUS' prehearing brief, p. 4.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

Information in this section is based on the questionnaire responses of the two producers, Chattem and GEO, that are believed to have accounted for all U.S. production of glycine during 2010. The domestic producers were asked to indicate whether their firm had experienced any plant openings, plant closings, relocations, expansions, acquisitions, consolidations, prolonged shutdowns or production curtailments, revised labor agreements, or any other changes in their glycine operations since January 1, 2005.¹

Changes Experienced in Operations

Chattem stated that “***.” Changes in operations experienced by GEO regard “***.”

Anticipated Changes in Existing Operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of glycine² and in the event the order is revoked.³ Their responses are presented below.

Chattem stated that it “***.” Chattem anticipates growth in glycine production if the order stays in place. In its answer to the U.S. producer questionnaire, Chattem further stated that “***.”

GEO stated that it “***.” In regard to anticipated changes in operations in the event that the order is revoked, GEO “***.”

U.S. PRODUCERS’ CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Data on U.S. producers’ capacity, production, and capacity utilization for glycine are presented in table III-1. For 2010, GEO reported capacity of *** pounds and Chattem reported capacity of *** pounds. The production capacity was stable and constant for both producers throughout the period of review (2005-10). Production decreased irregularly over the period of review, reaching a high of *** pounds in 2008 before dropping to a low of *** pounds in 2010. Capacity utilization followed a similar trend over the period of review, reaching a high of *** in 2008 and a low of *** in 2010.⁴

***, *** in 2008 during the global shortage caused by the temporary shutdown of Chinese producers ahead of the Beijing Olympics. The unforeseen shutdown led to a temporary tightness in the global glycine market.⁵ Chattem had a capacity utilization of ***.

Table III-1

Glycine: U.S. capacity, production, and capacity utilization, 2005-10

* * * * *

¹ U.S. producer questionnaire, section II-2.

² U.S. producer questionnaire, section II-3.

³ U.S. producer questionnaire, section II-4.

⁴ “***” GPOTUS’ Posthearing Brief, Annex, p. 1.

⁵ Hearing transcript, p. 27 (Button).

Alternative Products

The Commission asked domestic producers to report production or whether they anticipate production of other products on the same equipment and machinery and/or using the same production and related workers employed to produce glycine. Both the domestic producers responded in the negative.

U.S. PRODUCERS' SHIPMENTS

Data on U.S. producers' shipments of glycine, by types, are presented in table III-2a. U.S. producers' shipments of glycine, by grade, are presented in table III-2b. The domestic producers reported ***. The quantity of U.S. shipments fluctuated from 2005 to 2007, increased to a peak in 2008, and decreased in 2009 and 2010. Overall, shipments were *** percent lower in 2010 compared with 2005. As a share of total shipments, commercial shipments fluctuated less than ***. Overall, the share of commercial shipments declined by *** percentage points while the share of export shipments increased by the same amount.

Table III-2a

Glycine: U.S. producers' shipments, by types, 2005-10

* * * * *

Table III-2b

Glycine: Share of U.S. producers' shipment, by grade, 2010

* * * * *

The Commission asked domestic producers to identify their principal export markets. Chattem reported no export markets, and GEO identified *** as principal export markets. GEO also reported that ***.

U.S. PRODUCERS' INVENTORIES

Table III-3, which presents end-of-period inventories for glycine, shows that inventories as a share of production and U.S. and total shipments increased over the period of review.

Table III-3

Glycine: U.S. producers' end-of-period inventories, 2005-10

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports and purchases of glycine are presented in table III-4.⁶ ***. In its importer questionnaire, ***.⁷

⁶ ***.

⁷ U.S. importer questionnaire response, section II-6.

Table III-4
Glycine: U.S. producers' imports and purchases, 2005-10

* * * * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for glycine are presented in table III-5. The number of production-related workers ("PRWs"), hours worked by PRWs, and wages paid to PRWs decreased slowly from 2005 to 2009 before increasing slightly in 2010. Productivity fluctuated and was at its lowest rate in 2010, while unit labor costs fluctuated over the period of the review and were at their highest in 2010.

Table III-5
Glycine: U.S. producers' employment-related data, 2005-10

* * * * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

The same two firms that provided trade data, Chattem and GEO, also provided usable financial data on their operations on glycine. The two are believed to account for all production of glycine in the United States during the period for which data were gathered. Both reported only commercial sales; neither reported that they transferred glycine nor did either internally consume it.⁸

Operations on Glycine

Results of U.S. firms' operations on glycine are briefly summarized here.

- Total net commercial sales rose irregularly by about *** percent, by quantity, between 2005 and 2008, but increased by value by about *** percent in the same time period due to increasing unit values of sales. Both sales quantity and value peaked in 2008, and fell from 2008 to 2010. The average unit value of sales increased in 2009 from 2008, but declined in 2010 to a level that was still greater than in 2008.⁹ The changes in net sales values were attributable primarily to the changes in average unit sales values as well as to lower quantity in 2009 and 2010.

⁸ ***. GEO purchased the Deer Park facility from Hampshire Chemical Corporation ("Hampshire"), a subsidiary of Dow Chemicals, Inc. ("Dow"), on November 1, 2005. Prior to November 2005, DOW/ Hampshire was a U.S. producer of glycine. However, officials at GEO provided consolidated data for the Deer Park facility under both ownership entities into a single questionnaire response. GEO's data for 2006 ***. EDIS document 451603. Staff verified the questionnaire response of GEO (Glycine Verification Report, EDIS document 451825); changes to the financial data are incorporated herein. GEO stated that its purchase of Hampshire was to obtain the naphthalene sulfonate ("DAXAD") production, which is used in the production of wallboard. Hearing transcript, pp. 76-77 (Eckman). However, the DAXAD production unit *** because of the impact of the U.S. recession on construction, and, consequently, glycine accounts for *** production at Deer Park. Verification report, p. 3.

⁹ The decline in the AUV of sales from 2009 to 2010 was primarily attributed to competition from Chinese glycine alleged to be transhipped through India. GPOTUS' posthearing brief, Annex, pp. 10-11.

- Changes in raw material costs generally led to overall changes in the industry’s cost of goods sold (“COGS”). From 2005 to 2007 increases in raw material costs and direct labor offset decreased other factory costs; the absolute value and per-unit value of these two components increased, as did their ratios to sales, and the two firms together recorded gross losses in both 2006 and 2007. Thereafter, sales increased to a greater extent compared with COGS and the two firms together recorded a positive gross profit from 2008 through 2010.
- The firms together recorded operating losses during 2005, 2006, and 2007, equivalent to a negative *** percent, *** percent, and *** percent of sales, respectively (selling, general and administrative expenses were greater in 2005 than the gross profit and led to an operating loss). They were profitable in each of the last three years examined, with the greatest level of profitability in 2009 (a ***), which was the year in which the unit value of sales was highest. Operating profitability fell from 2009 to 2010—sales quantity, the unit value of sales, and sales value were lower; direct labor, other factory costs, and SG&A expenses were higher. The operating margin was *** percent in 2010.¹⁰
- Net income or loss before taxes and cash flow followed the same pattern as operating income or loss—negative during 2005-07 and positive during 2008-10.

These data for the industry are shown in table III-6, while table III-7 provides operating data on a firm-by-firm basis.

Table III-6

Glycine: Results of operations of U.S. firms, fiscal years 2005-10

* * * * *

Table III-7

Glycine: Results of operations of U.S. firms, by firm, fiscal years 2005-10

* * * * *

According to GEO, prices rose in 2008 because of shortages caused by the shutdown of Chinese producers ahead of the Beijing Olympics and rose in 2009 because contracts for 2009 were established at high 2008 levels.¹¹ GEO indicated that ***.¹²

Because GEO accounts *** in every period.¹³ Hence, *** ***. A comparison of AUVs for pricing products numbers 2 and 3 is provided in table III-8:

¹⁰ Changes in the industry’s operating performance are discussed in the GPOTUS’ posthearing brief, Annex, pp. 12-14.

¹¹ Hearing transcript, pp. 42-43 (Ekman) and GPOTUS’ posthearing brief, Annex, pp. 10-11.

¹² GEO’s U.S. producers’ questionnaire response, Attachment A (***), p.6. GEO notes that it has filed allegations of circumvention and Commerce has begun an investigation. GPOTUS’ posthearing brief, Annex, pp. 5-9. Sales are projected ***.

¹³ ***.

Table III-8**Glycine: Comparison of sales AUVs for pricing products 2 and 3, by firm, 2005-10**

* * * * * *

Differences in AUVs between GEO and Chattem have been ascribed to: (1) ***; (2) ***; and (3) ***.¹⁴ GEO sells to ***.¹⁵ As noted in the 2007 investigations, as a part of its marketing strategy Chattem ceased in 2006 to compete in the high volume USP- and technical-grade markets for glycine based on price, but chose to ship U.S.-produced glycine to USP-grade and technical-grade end users willing to pay higher unit values than are available for similar product through importers or other U.S. producers.¹⁶

GEO uses the HCN process and Chattem uses the MCA process to produce glycine, as described in Part I of this report. The HCN process yields some by-product recovery but the MCA process does not.¹⁷ Reportedly, the capital costs for the HCN process are higher than for the MCA process, while the MCA process is more costly from an operating standpoint due to its higher raw material cost. These differences are seen in the ***. Both GEO and Chattem stated that raw material price volatility has increased as have prices of inputs.¹⁸ During 2005-10, the ratio of raw materials to sales varied from *** percent to *** percent and was *** percent in 2010. From 2005 to 2008, the average unit value of raw materials rose from \$*** per pound to \$*** per pound, thereafter declining to \$*** per pound in 2010. These changes are shown in table III-9. The ratio of raw material costs to total COGS also rose during 2005-08, from *** percent to *** percent, but was only *** percent in 2010.

Table III-9**Glycine: Raw material costs of U.S. firms, by firm, fiscal years 2005-10**

* * * * * *

Variance Analysis

The variance analysis showing the effects of prices and volume on U.S. producers' total net sales of glycine, and of costs and volume on their total expenses, is presented in table III-10. The information for this variance analysis is derived from table III-6. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. The variance analysis is summarized at the bottom of the table and shows that the increase in operating income from 2005 to 2010 (of ***—from an operating loss of \$*** to an operating profit of \$***) is attributable to the favorable price variance (higher unit prices) that was much higher than the unfavorable net cost/expense variance

¹⁴ E-mail from David Schwartz, Thompson Hine, to USITC staff, May 11, 2011. Item (1) was cited in the 2007 report. See *Glycine from Japan and Korea*, Inv. Nos. 731-TA-1112 and 1113 (Final), Publication 3980 (January 2008), p. III-4, citing Hearing transcript, p. 29 (Avraamides), p. 79 (Kedrowski), and p. 80 (Eckman).

¹⁵ Discussion between USITC staff and ***.

¹⁶ Cited in the 2007 investigations as staff telephone interview with *** and hearing transcript, pp. 86 (Kedrowski). See *Glycine from Japan and Korea*, Inv. Nos. 731-TA-1112 and 1113, Publication 3980 (January 2008), footnote 16 on page III-4. Also, Chattem stated that it ***. Chattem's U.S. producers' questionnaire response, section IV-9.

¹⁷ While ***.

¹⁸ U.S. producers' questionnaire responses of GEO and Chattem, section IV-18. The primary raw materials to make glycine are hydrogen cyanide, sulfuric acid, and formaldehyde; caustic soda also is used, as a neutralizer in the reaction processes. *Glycine from Japan and Korea*, Ibid., p. I-10. GEO projects that ***. GEO's U.S. producers' questionnaire response, Attachment A (C&I Division Plan 2011-2013), p. 16. However, GEO also estimated ***. Ibid., p. 18.

(higher unit costs) and small favorable volume variance.¹⁹ The mix of favorable and unfavorable variances changed during the period. The price variance was unfavorable between 2005 and 2006, 2006 and 2007, and between 2009 and 2010 (unit prices fell); the net cost/expense variance was unfavorable (unit costs increased) between most periods.

Table III-10

Glycine: Variance analysis on U.S. firms' operations, fiscal years 2005-10

* * * * *

Assets and Return on Investment

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of glycine to compute return on investment ("ROI") for 2005 to 2010 (table III-11). The data for operating income or loss are from table III-6. Total operating income or loss was divided by total assets, resulting in ROI.

Table III-11

Glycine: Value of assets used in production, warehousing, and sales, and return on investment, fiscal years 2005-10

* * * * *

ROI generally followed operating income. Overall, the data show increasing values of assets, due in part to ***.

Capital Expenditures and Research and Development Expenses

U.S. producers' data on their capital expenditures and research and development ("R&D") expenses for their operations on Glycine are shown in table III-12.

Table III-12

Glycine: U.S. firms' capital expenditures and research and development expenses, fiscal years 2005-10

* * * * *

GEO stated that its capital expenditures have been mostly related to ***.²⁰

¹⁹ A variance analysis is calculated in three parts, sales variance, cost of sales variance, and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost or expense (cost/expense) variance (in the case of the cost of sales and SG&A expense variance), and a volume variance. The sales or cost/expense variance is calculated as the change in unit price or per-unit cost/expense times the new volume, while the volume variance is calculated as the change in volume times the old unit price or per-unit cost/expense. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the volume components of the net sales, COGS, and SG&A expense variances. The overall volume component of the variance analysis is generally small.

²⁰ GEO's U.S. producers' questionnaire response, Attachment A (C&I Division Plan 2011-13), p. 19. This indicates that the major projects in 2010 at Deer Park, TX, were related to the ***.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

Overview

The Commission issued questionnaires to 39 firms believed to have imported glycine between 2005 and 2010. Fifteen firms provided data and information in response to the questionnaires, while five firms indicated that they had not imported glycine during the period for which data were collected. Based on official Commerce statistics for imports of glycine, importers' questionnaire data accounted for 30.7 percent of total U.S. imports during the period of this investigation (2005-10) and 51.2 percent of total subject imports during 2005-10. In light of the data coverage by the Commission's questionnaires and the fact that glycine is imported under a clean (non-basket) HTS number, import data in this report are based on official Commerce statistics.¹

Imports from Subject and Nonsubject Countries

Table IV-1 presents data for U.S. imports of glycine from China and all other sources. Initially, imports from China fluctuated within a narrow range before reaching their period high in 2008 at *** pounds. The quantity of subject imports declined sharply to *** pounds in 2009, then increased to *** pounds in 2010. From 2005 to 2007, India, Japan, and Korea accounted for in excess of *** percent of nonsubject imports. For the remainder of the period of review, India and Japan accounted for *** to *** percent of nonsubject imports as imports from Korea dropped to zero from 2008 to 2010.² The share of total U.S. imports by quantity held by subject imports decreased irregularly from *** percent in 2005 to *** percent in 2010, with a high of *** percent in 2008 and low of *** percent in 2009. The share of total U.S. imports by quantity held by nonsubject imports increased from *** percent in 2005 to *** percent in 2010, with a period high at *** percent in 2009.

¹ Glycine is classifiable in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 2922.49.40 and reported for statistical purposes under statistical reporting number 2922.49.4020.

² As noted earlier, on December 18, 2009, GEO and Chattem filed a request for initiation of an anti-circumvention inquiry. In response to this request, the Department of Commerce is examining whether the activities of three Indian companies, Salvi Chemical Industries, Paras Intermediaries Pvt. Ltd., and AICO Laboratories are circumventing the antidumping duty order on glycine from China. In their Circumvention Allegation, GEO and Chattem allege that all three Indian companies are importing technical-grade glycine from companies in China, processing and/or repackaging the Chinese-origin glycine then exporting the finished product to the United States, marked as Indian-origin glycine. See *Glycine from the People's Republic of China: Initiation of Antidumping Anti-circumvention Inquiry*, 75 FR 66352, October 28, 2010.

Table IV-1
Glycine: U.S. imports, by sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
Quantity (1,000 pounds)						
China	1,915	2,177	2,184	3,630	126	1,190
India (nonsubject)	2,030	2,233	828	2,588	2,944	4,048
Japan (nonsubject)	2,047	2,610	3,726	2,596	2,628	3,382
Korea (nonsubject)	992	1,124	444	0	0	0
All other sources	359	392	225	807	215	415
Total (nonsubject)	5,428	6,359	5,224	5,991	5,787	7,844
Total	7,343	8,537	7,408	9,621	5,913	9,034
Value (\$1,000)¹						
China	2,397	2,598	2,866	11,535	222	1,724
India (nonsubject)	2,798	2,882	1,119	7,124	6,529	8,236
Japan (nonsubject)	2,808	3,310	4,438	9,494	6,865	8,402
Korea (nonsubject)	1,278	1,300	570	0	0	0
All other sources	837	936	558	2,581	449	971
Total (nonsubject)	7,721	8,429	6,685	19,198	13,843	17,608
Total	10,118	11,026	9,550	30,733	14,066	19,333
Unit value (dollars per pound)						
China	\$1.25	\$1.19	\$1.31	\$3.18	\$1.77	\$1.45
India (nonsubject)	1.38	1.29	1.35	2.75	2.22	2.03
Japan (nonsubject)	1.37	1.27	1.19	3.66	2.61	2.48
Korea (nonsubject)	1.29	1.16	1.28	(²)	(²)	(²)
All other sources	2.33	2.39	2.47	3.20	2.09	2.34
Total (nonsubject)	1.42	1.33	1.28	3.20	2.39	2.24
Total	1.38	1.29	1.29	3.19	2.38	2.14

Table continued on next page.

Table IV-1--Continued
Glycine: U.S. imports, by sources, 2005-10

Source	Calendar year					
	2005	2006	2007	2008	2009	2010
Share of quantity (percent)						
China	26.1	25.5	29.5	37.7	2.1	13.2
India (nonsubject)	27.6	26.2	11.2	26.9	49.8	44.8
Japan (nonsubject)	27.9	30.6	50.3	27.0	44.4	37.4
Korea (nonsubject)	13.5	13.2	6.0	0.0	0.0	0.0
All other sources	4.9	4.6	3.0	8.4	3.6	4.6
Total (nonsubject)	73.9	74.5	70.5	62.3	97.9	86.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Share of value (percent)						
China	23.7	23.6	30.0	37.5	1.6	8.9
India (nonsubject)	27.7	26.1	11.7	23.2	46.4	42.6
Japan (nonsubject)	27.8	30.0	46.5	30.9	48.8	43.5
Korea (nonsubject)	12.6	11.8	6.0	0.0	0.0	0.0
All other sources	8.3	8.5	5.8	8.4	3.2	5.0
Total (nonsubject)	76.3	76.4	70.0	62.5	98.4	91.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
¹ Landed, duty-paid. ² Not applicable.						
Source: Compiled from official Commerce statistics.						

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO DECEMBER 31, 2010

The Commission requested importers to indicate whether they had imported or arranged for the importation of glycine from China for delivery after December 31, 2010. *** reported that it arranged for *** pounds of glycine to be delivered during January-March 2011.³ No other responding importers indicated such arrangements.

U.S. IMPORTERS' INVENTORIES

Table IV-2 presents data for inventories of U.S. imports of glycine from China and all other sources held in the United States. Inventories of subject imports increased sharply in 2006, then decreased irregularly from 2007 to 2010. The ratio of subject inventories to imports and to U.S. shipments was greatest in 2006. Inventories of nonsubject imports were initially high, then decreased

³ *** U.S. importer questionnaire, section II-5.

sharply from 2005 to 2007 and increased irregularly from 2008 to 2010. The ratio of nonsubject inventories to imports and to U.S. shipments was greatest in 2005.

Table IV-2

Glycine: U.S. importers' end-of-period inventories of imports, by source, 2005-10

* * * * *

The Commission asked importers whether their firms entered glycine into, or withdrew glycine from, foreign trade zones or bonded warehouses. *** reported entering glycine into, or withdrawing glycine from, foreign trade zones or bonded warehouses.⁴ The Commission also asked importers whether their firms had imported glycine under the temporary importation bond ("TIB") program. *** from which usable data were received reported using the TIB program.⁵

THE INDUSTRY IN CHINA

Chinese Producers

The original investigation identified five major producers of glycine in China: Suzhou Comtech, Dong Fang Mancheng, Baoding Zhongyuan, Tiancheng, and Ba Fen Shen.⁶ Estimates of China's annual production capacity in the original staff report ranged from 22 million to 33 million pounds for 1994.⁷ ***.⁸

In the first review, the Commission did not receive any information from Chinese producers. The staff report for the first review does list companies producing glycine in China that were not part of the list of major Chinese producers in the original investigation.⁹ The increase in the number of producers in China as well as an increase in demand for glycine to produce the herbicide glyphosate seemed to indicate an increase in production capacity for glycine in China since the original investigation.

In the second review, the Commission did not directly receive any addition information on production capacity or shipments for the industry in China. However, a domestic interested party identified 14 producers of glycine in China. The domestic interested party also submitted ***.¹⁰ Another source reported a lower production capacity of approximately 50 million in 2002.¹¹ A possible reason for the different estimates of production could be differences in reporting for production of glycine that is further processed into glyphosate and glycine that is produced for commercial sale. However, even the lower estimate of production capacity indicated a large increase in Chinese capacity since the original investigation.¹²

⁴ U.S. importer questionnaire responses, section I-9.

⁵ U.S. importer questionnaire responses, section I-10.

⁶ Staff Report from Original Investigations, Memorandum INV-S-020 (February 27, 1995), p. I-54.

⁷ Ibid., p. I-54, fn. 86 and p. I-57.

⁸ Ibid., p. I-55.

⁹ Staff Report from Review, Memorandum INV-X- 120 (June 2, 2000), pp. I-20 and I-21.

¹⁰ Staff Report from Second Review, Memorandum INV-CC- 165 (September 29, 2005), table I-11.

¹¹ Ibid., p. I-36.

¹² "Outside the United States there was a temporary reduction in global supply in 2008, when the Chinese Government forced Chinese glycine producers to shut down for part of the year to reduce air pollution in advance of the 2008 Beijing Olympics." Hearing transcript. p. 27 (Button).

For this (third) review, the Commission did not receive information directly from Chinese producers. ***.¹³

Table IV-3

Glycine: Chinese producers' annual capacity (1,000,000 pounds), 2009

* * * * *

The data on Chinese production ***. The ***.¹⁴ ***.¹⁵ ***.¹⁶ ***.¹⁷ This estimate of the production of glyphosate from glycine in China is much larger than the reported production capacity from another industry source. ***.¹⁸ In the 2010 USITC preliminary antidumping investigation on glyphosate from China, the petition (public version) gives the Chinese production capacity of glyphosate as 700,000 metric tons in 2009, increasing to 900,000 metric tons in 2010.¹⁹ The petition did not break down Chinese glyphosate production capacity by raw material used; hence, these production capacity data cannot be used to determine the amount of glycine that could be used in production of glyphosate.

INFORMATION ON NONSUBJECT COUNTRIES

In assessing whether the domestic industry is materially injured or threatened with material injury “by reason of subject imports,” the legislative history states “that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including nonsubject imports) ‘to ensure that it is not attributing injury from other sources to the subject imports.’”²⁰

During this (third) review, the Commission sought pricing data from U.S. importers of glycine from China and all other countries. Those data are presented in Part V and Appendix E of this report. With respect to foreign nonsubject industry data, the Commission staff sought publicly available information regarding international producers of glycine in India, Japan, and Korea. As noted earlier, from 2005 to 2007, India, Japan, and Korea accounted for in excess of *** percent of nonsubject imports. For the remainder of the period of review, India and Japan accounted for *** to *** percent of nonsubject imports as imports from Korea dropped to zero from 2008 to 2010.

¹³ GEO’s producer questionnaire response, Attachment E., and Chattem’s producer questionnaire response, Attachment D.

¹⁴ GEO’s producer questionnaire response, Attachment E., and Chattem’s producer questionnaire response, Attachment D.

¹⁵ GEO’s producer questionnaire response, Attachment E, table III-1.1.

¹⁶ GEO’s producer questionnaire response, Attachment E, p. 23.

¹⁷ GEO’s producer questionnaire, Attachment E, table III-1.1. ***.

¹⁸ ***.

¹⁹ Petition (public version), *Certain Glyphosate from the People’s Republic of China*, Inv. No. 731-1178, p. 36. The petition was withdrawn and the investigation was discontinued on May 6, 2010. 75 FR 24969.

²⁰ *Mittal Steel Point Lisas Ltd. v. United States*, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also *Bratsk Aluminum Smelter v. United States*, 444 F.3d 1369 (Fed. Cir. 2006).

India

The public report on the Commission's investigation on glycine from Japan and Korea lists the following 13 producers of glycine in India, all of whom are believed to still be in operation:²¹

Aditya Chemicals ("Aditya")
Amishi Drugs & Chemicals, Ltd. ("Amishi")
Ashok Alco-Chem, Ltd. ("Ashok")
Bimal Pharma, Pvt. Ltd. ("Bimal")
Euro Asian Industrial Co. ("EA Industrial")
EPIC Enzymes Pharmaceuticals & Industrial Chemicals, Ltd. ("EPIC")
Indian Chemical Industries ("IC Industries")
Frezco Corporation ("Frezco")
Salvi Chemical Industries ("Salvi")
Kumar Industries ("Kumar")
Paras Intermediates Pvt. Ltd. ("Paras")
Sisco Research Laboratories Pvt., Ltd. ("Sisco")
Suru Chemicals and Pharmaceuticals, Pvt. Ltd. ("Suru")

The United States is the largest export market for glycine produced in India (see table IV-4). During 2005-09, 93 percent of India's glycine exports by volume went to the United States. India's exports of glycine to the United States increased for 2005-09 with the exception of a decrease in 2007. In the Japan/Korea investigation, Commission staff reported that most of India's exports to the United States were USP grade glycine; India did not export pharmaceutical grade glycine.²² India does not have a large domestic market for glycine so most of its production is exported.²³ Table IV-4 presents exports from India from 2005-09.

Table IV-4
Glycine: India's exports by volume (1,000 pounds), 2005-09

Export Market	2005	2006	2007	2008	2009
United States	1,679	2,385	902	2,647	3,744
Other Countries	70	139	238	297	112
Total	1,749	2,524	1,140	2,944	3,856
Source: GTIS, Global Trade Atlas.					

²¹ *Glycine from Japan and Korea, Invs. Nos. 731-TA-1112-1113 (Final)*, USITC Publication 3980, January 2008, pp. VII-2 and VII-3.

²² *Ibid.*, p. II-4.

²³ *Ibid.*, p. VII-3.

Japan

The public report on the Commission's investigation on glycine from Japan and Korea lists the following five producers of glycine in Japan, all of whom are believed to still be in operation:²⁴

Ajinomoto Co., Inc. ("Ajinomoto")
 Hayashi Pure Chemical Industries Co., Ltd. ("Hayashi Pure")
 Kyowa Hakko Kogyo Co., Ltd. ("Kyowa Hakko")
 Showa Denko K.K. ("Showa Denko")
 Yuki Gosei Kogyo Co., Ltd. ("Yuki Gosei")

In the Japan/Korea investigation, the Commission found that all U.S. imports from Japan from 2004 to June 2007 came from just two firms, Showa Denko and Yuki Gosei.²⁵ U.S. imports from Japan fluctuated during 2006-10, reaching a peak of 3.7 million pounds in 2007 (table IV-1).²⁶ In 2010, the United States imported 3.4 million pounds of glycine from Japan.²⁷ Japan exports both technical and USP grades of glycine to the United States²⁸ (Table IV-5). Japan has a large domestic market for glycine, and most shipments from Japanese producers are sold in the domestic market.²⁹ According to a representative of purchaser Summit Research, Japan's ability to export glycine in the future has been impacted by the March 2011 tsunami that struck Japan. Linda Kozak of Summit Research testified:

"Things went from bad to worse in early 2011 when the tsunami struck in March and Japan endured its nuclear crisis. The nuclear crisis caused a virtual panic amongst many of our personal care customers who began to demand that we provide written certification that we did not utilize Japanese glycine in our manufacturing process and that if we did, we were to provide written certification that the glycine was free from radiation on a batch by batch basis. Such a requirement basically took the Japanese out of the antiperspirant market, certainly as far as we were concerned."³⁰

Table IV-5
Glycine: Japan's exports by volume (1,000 pounds), 2006–10

Export Market	2006	2007	2008	2009	2010
China	1,582	1,338	2,666	2,651	7,174
France	5,342	5,333	5,672	4,418	5,760
United States	3,322	3,709	4,618	3,870	5,436
Other Countries	20,852	22,255	27,280	15,693	19,620
Total	31,097	32,635	40,236	26,631	37,990
Note: Data for Japan is for a basket category (HS 2922.49) that includes glycine as well as other amino acids.					
Source: GTIS, Global Trade Atlas.					

²⁴ Ibid., p. VII-4.

²⁵ Ibid.

²⁶ USITC, Dataweb.

²⁷ Ibid.

²⁸ *Glycine from Japan and Korea*, Invs. Nos. 731-TA-1112-1113 (Final), USITC Publication 3980, January 2008, p. II-4.

²⁹ Ibid., p. VII-4.

³⁰ Hearing transcript, p. 104 (Kozak).

Korea

The public report on the Commission's investigation on glycine from Japan and Korea lists the following three producers of glycine in Korea, all of whom are believed to still be in operation:³¹

Korea Bio-Gen Co., Ltd. ("Bio-Gen")
DHOW International ("DHOW")
Haerim Industrial Co. Ltd. ("Haerim")

Since 2006, Korea's exports of glycine to the United States have decreased, both in absolute terms and as a percentage of Korea's total exports of glycine (see table IV-6). Official statistics of the U.S. Department of Commerce show no imports of glycine from Korea for 2008-10. At the hearing, counsel for GPOTUS speculated that the cessation of imports from Korea in 2008-10 may have been attributable to a combination of the 2007 Japan/Korea investigation and transshipment allegations by GPOTUS to the U.S. Customs and Border Protection ("U.S. Customs") that imports from Korea were really imports of Chinese merchandise.³² In the 2007 Japan/Korea investigation, however, the Commission noted a 2002 U.S. Customs determination that glycine production facilities exist in Korea, and treated the merchandise from Korea as being produced in that country.³³

Table IV-6
Glycine: Korea's exports by volume (1,000 pounds), 2006–10

Export market	2006	2007	2008	2009	2010
Vietnam	20	35	77	139	838
United States	1,118	436	185	22	35
Other Countries	2	0	0	7	0
Total	1,140	471	262	167	873
Source: GTIS, Global Trade Atlas.					

³¹ *Glycine from Japan and Korea*, Invs. Nos. 731-TA-1112-1113 (Final), USITC Publication 3980, January 2008, p. VII-4.

³² Hearing transcript, p. 69 (Schwartz).

³³ *Glycine from Japan and Korea*, Invs. Nos. 731-TA-1112-1113 (Final), USITC Publication 3980, January 2008, p. 31, fn. 37, p. IV-2, and p. VII-5.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

The cost of glycine depends largely on the costs of chemicals and energy. Glycine is produced using two basic methods, the HCN method which is used by GEO, and the MCA method which is used by Chattem.¹ The primary raw materials used in the HCN process are hydrogen cyanide and formaldehyde. For the MCA process, the primary raw materials are monochloroacetic acid and ammonia. As discussed in greater detail in *Part III* of this report, raw materials as a percentage of COGS sold fluctuated, accounting for *** percent of COGS in 2005, peaking at *** percent of COGS in 2007, and falling to *** percent of COGS in 2010.

When asked about the effect of raw material prices on the selling price for glycine, both U.S. producers reported volatile raw material prices, which have affected the sales price of glycine, and both producers also anticipate continual increases in energy costs and oil prices in the foreseeable future. Chattem reported that ***. GEO reported that ***.² GEO projects that ***,³ ***.⁴

U.S. Inland Transportation Costs

*** U.S. producers, five of seven responding importers of glycine from China, and the two responding importers of glycine from nonsubject countries indicated that their firms generally arrange for transportation to customers' locations. U.S. producers reported that U.S. inland transportation costs for glycine ranged from 3 to 6 percent of the delivered price. Five responding importers of glycine from China reported that U.S. inland transportation costs of glycine ranged from 1 to 10 percent. *** U.S. producers' and seven of nine importers' weighted-average U.S. shipment shares of domestic and subject imported glycine by specified distance categories from their U.S. shipping locations are shown in the following tabulation.

Distance shipped	Shares of U.S. shipments (percent)	
	U.S.-produced	Imported from China
Within 100 miles	***	95.6
101 to 1,000 miles	***	0.7
Over 1,000 miles	***	3.7
Total	100.0	100.0
Source: Compiled from data submitted in response to Commission questionnaires.		

¹ Chattem reports that production using the hydrogen cyanide method is less expensive but requires a larger investment. *Glycine from Japan, and Korea, Inv. Nos. 731-TA-1112-1113 (Final)*, Publication 3980 January 2008), p. I-1-, citing hearing transcript, p. 80 (Eckman) and conference transcript, p. 60 (Kedrowski).

² ***. GEO's producer questionnaire response, Attachment C.

³ ***. Ibid.

⁴ GEO's U.S. producers' questionnaire response, Attachment A *CI Plan Document 2011*, p. 16.

PRICING PRACTICES

Pricing Methods

Prices of glycine are quoted by producers and importers on both an f.o.b. basis and on a delivered basis. U.S. producer ***, five importers of glycine from China, and four importers of glycine from nonsubject countries sell on an f.o.b. basis, whereas U.S. producer ***, four importers of glycine from China, and two importers of glycine from nonsubject countries quote prices of glycine on a delivered basis.

*** reported selling glycine on a transaction-by-transaction basis and through contracts. *** reported that domestic producers generally negotiate contract prices with their contract customers in the third quarter of each year for delivery the following year. Prices used in the contract negotiations are based on prevailing market pricing, which is influenced by existing contract prices for that year and spot prices at that time⁵. *** reported using a price list that lists two prices for USP-grade glycine.⁶ Nine of ten responding importers reported transaction-by-transaction negotiations, and four importers reported using contracts.

Sales Terms and Discounts

*** reported *** with customers. *** reported ***. Five of seven responding importers of glycine from China reported quantity discounts; of these importers, two reported offering annual total volume discounts as well. Two importers of glycine from China and all six importers of glycine from nonsubject countries reported that they did not offer any type of discount.

Price Leaders

Purchasers were asked which firms in the industry they consider to be price leaders.⁷ Six purchasers reported that *** pricing drives the U.S. market. Purchasers also identified ***, ***, ***, and ***.

⁵ GPOTUS's posthearing brief, response to Commissioner Pinkert, p. 10.

⁶ ***. U.S. producer questionnaire response, section IV-3.

⁷ A price leader is defined as: (1) a firm that initiates a price change, either upward or downward, that is followed by other firms, or (2) a firm that has a significant impact on prices.

Contract vs. Spot Sales

*** U.S. producers, three importers of glycine from China, and four importers of glycine from nonsubject countries reported their 2010 U.S. commercial shipments of glycine by type of sale; their shipment shares, based on quantity, are shown in table V-1. U.S.-produced glycine and glycine from nonsubject countries is most commonly sold via ***, and on a *** for importers of Chinese glycine.^{8 9}

Table V-1

Glycine: U.S. producers' and importers' U.S. commercial shipments by type of sale, 2010

Type of sale	Shares of 2010 U.S. commercial shipments (percent)		
	U.S.- produced	Imported from China ¹	Imported from nonsubject countries
Spot	***	***	10.0
Short-term contracts	***	***	90.0
Long-term contracts	***	***	0.0
Total	100.0	100.0	100.0

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

¹ Three other importers of Chinese glycine (***) provided information on their sales but did not import Chinese product during 2010, such that they were not able to provide data for this tabulation. *** reported selling on a spot basis, and *** reported selling primarily on a short-term sales basis.

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

*** reported that its long-term contracts were typically for ***, and reported that its short-term contracts were typically for ***. *** reported that both its long-term and short-term contracts ***.¹⁰ U.S. producer *** reported that it ***.

Three U.S. importers of glycine from China (***) reported that their short-term contracts typically range from three months to one year. *** reported that prices could not be renegotiated during the contract while contracts with *** allowed for price renegotiations. *** reported that their contracts fixed both quantity and price, and *** reported that its contracts fixed only price. Only *** reported a meet-or-release provision in its contracts.

PRICE DATA

The Commission asked U.S. producers and importers of glycine to provide quarterly data for the total quantity and f.o.b. value of glycine that was shipped to unrelated customers in the U.S. market during the period January 2005 to December 2010. The products for which pricing data were requested are as follows:

⁸ U.S. producer GEO reported that its commercial goal is to sell as much of its capacity as possible to contract customers. Hearing transcript, p. 7 (Mahoney). During the first half of 2011 when ***, GPOTUS' posthearing brief, response to Commissioner Okun, p. 5.

⁹ Spot sales are usually for one-time delivery; short-term sales are for multiple deliveries for up to 12 months after the purchase agreement; and long-term sales are for multiple deliveries for more than 12 months after the purchase agreement. Short-term and long-term sales may be arranged by contracts or oral agreements.

¹⁰ U.S. producer ***. U.S. producer questionnaire response, Attachment A *CI Plan Document 2011*, October 18, 2010, p. 6. GPOTUS' posthearing brief, exhibit 5.

Product 1.—Glycine sold to pharmaceutical-grade end users—A white, odorless, crystalline powder with a sweet taste, having an assay (glycine content) of 98.5 percent to 101.5 percent (dry basis), and with no more than 70 ppm chloride, no more than 65 ppm sulfate, and no more than 10 ppm heavy metals.

Product 2.—Glycine sold to USP-grade end users—A white, odorless, crystalline powder with a sweet taste, having an assay (glycine content) of 98.5 percent to 101.5 percent (dry basis), and with no more than 70 ppm chloride, no more than 65 ppm sulfate, no more than 20 ppm heavy metals, and not otherwise qualifying as pharmaceutical-grade glycine.

Product 3.—Glycine sold to technical-grade users—A white, off-white, or slightly yellow crystalline powder, having an assay (glycine content) of 98.5 percent to 101.5 percent (dry basis), with no more than 200 ppm sulfates, and not otherwise qualifying as USP-grade glycine.

Two U.S. producers and eleven importers provided usable pricing data for sales of the requested products, although not all firms reported pricing data for all products for all quarters¹¹. *** provided price data for product 1, and ***.¹² Six importers reported data for China: one importer provided price data for product 1; four importers provided price data for product 2; and three importers reported prices for product 3. Seven importers provided price data for imports from the nonsubject countries Japan, India, and Thailand. By quantity, pricing data reported by responding firms in 2005-10 accounted for approximately 99.1 percent of U.S. producers' commercial shipments of glycine, 92.9 percent of reported U.S. commercial shipments of subject imports from China, and 77.7 percent of reported U.S. commercial shipments of imports of glycine from nonsubject countries.

Price Trends

As shown in tables V-2 through V-4 and in figures V-1 through V-3, weighted-average f.o.b. sale prices of all U.S.-produced glycine products fluctuated but *** from their 2005 levels. Prices for glycine products 1 and 2 declined from the fourth quarter of 2005 to the fourth quarter of 2007, before increasing through the fourth quarter of 2009. Prices then declined irregularly through the end of 2010. Weighted-average U.S. quarterly f.o.b. prices for product 3 frequently fluctuated and did not follow the same pattern as the other two products. Prices for product 3 declined in the third quarter of 2005 and then irregularly increased until the third quarter of 2009. Prices then declined irregularly through the third quarter of 2010. Prices of all U.S.-produced glycine products increased by 80 to 144 percent from the last quarter of 2007 to the third quarter of 2009.¹³ Overall, prices for all U.S.-produced glycine products increased between the first quarter of 2005 and the last quarter of 2010.¹⁴ More detailed information is presented in table V-5.

¹¹ In addition, ***, an importer of Chinese glycine, provided pricing data for ***.

¹² ***.

¹³ ***. GPOTUS' posthearing brief, response to Commissioner Pinkert, p. 10. See Appendix E for further discussion.

¹⁴ Prices for glycine products produced by *** have continued to *** through the first half of 2011. In 2010, the weighted-average f.o.b. price for glycine (products 1-3) produced by *** was \$*** per pound. During the first half of 2011, ***'s weighted-average f.o.b. price for glycine was \$***, with the weighted-average contract price at \$*** per pound. GPOTUS' posthearing brief, exhibit 5.

Table V-2

Glycine: Weighted-average f.o.b. prices and quantities of domestic and imported product 1, and margins of underselling, by quarters, January 2005-December 2010

* * * * *

Table V-3

Glycine: Weighted-average f.o.b. prices and quantities of domestic and imported product 2, and margins of underselling/(overselling), by quarters, January 2005-December 2010

* * * * *

Table V-4

Glycine: Weighted-average f.o.b. prices and quantities of domestic and imported product 3, and margins of (overselling), by quarters, January 2005-December 2010

* * * * *

Figure V-1

Glycine: Weighted-average quarterly f.o.b. selling prices and quantities of domestic and imported product 1, January 2005-December 2010

* * * * *

Figure V-2

Glycine: Weighted-average quarterly f.o.b. selling prices and quantities of domestic and imported product 2, January 2005-December 2010

* * * * *

Figure V-3

Glycine: Weighted-average quarterly f.o.b. selling prices and quantities of domestic and imported product 3, January 2005-December 2010

* * * * *

Table V-5

Glycine: Summary of weighted-average f.o.b. prices for products 1-3 from the United States and China

* * * * *

The weighted-average f.o.b. sale prices of glycine imported from China generally followed the trends displayed by domestically produced glycine, although with greater variability. This increased volatility is likely due to the smaller and less consistent volume of shipments of Chinese-produced glycine compared with the volume of glycine produced domestically. Prices for product 2 from China increased from the first to the third quarter of 2006, before decreasing through the first quarter of 2007. Prices increased slightly from the second quarter of 2007 through the end of 2007, then increased by ***

percent between the fourth quarter of 2007 and the fourth quarter of 2008.¹⁵ For product 1 imported from China, only one quarter of data is available, so trends are not available. For product 3 imported from China, the three quarters of data available indicated that prices increased in each quarter of 2008 as did prices of U.S.-produced product.

In addition to the pricing data supplied by U.S. producers and importers, U.S. purchasers were asked if there has been a change in the relative prices of domestically produced and Chinese-produced glycine since 2005. Thirteen of 23 responding purchasers reported that the price of U.S.-produced glycine had increased relative to the price of glycine from China, six purchasers reported that the prices have changed by the same amount, two purchasers reported no change in relative prices, and two purchasers reported that the price of U.S.-produced glycine had decreased relative to the price of glycine from China.

Price Comparisons

Margins of underselling and overselling for the period are presented by pricing product in table V-6 below. The data show that prices of imports from China were *** than the U.S. producers' prices in 10 of 19 quarterly comparisons, with *** margins ranging from *** percent, and an average margin of *** percent. Underselling occurred during 2006 through 2007, and in the first three quarters of 2010. The prices of imports from China were higher than U.S. producers' prices in nine quarterly comparisons, with overselling margins ranging from *** percent, and an average margin of *** percent. Overselling occurred during the supply shortage period in 2008 and the first quarter of 2009, after which there is no data until mid-2010.

Table V-6

Glycine: Summary of underselling/(overselling) by product and by year from China, January 2005-December 2010

* * * * * * *

¹⁵ During 2008, China temporarily closed its glycine-producing facilities to reduce pollution ahead of the 2008 Summer Olympics. This led to a global shortage of glycine and prices for Chinese glycine *** from 2008 to 2009.

APPENDIX A

***FEDERAL REGISTER* NOTICES AND ADEQUACY STATEMENT**

business days after the date of publication of this notice in the **Federal Register**. There will be further opportunities for comment on the public interest after the issuance of any final initial determination in this investigation.

Persons filing written submissions must file the original document and 12 true copies thereof on or before the deadlines stated above with the Office of the Secretary. Submissions should refer to the docket number ("Docket No. 2757") in a prominent place on the cover page and/or the first page. The Commission's rules authorize filing submissions with the Secretary by facsimile or electronic means only to the extent permitted by section 201.8 of the rules (see Handbook for Electronic Filing Procedures, http://www.usitc.gov/secretary/fed_reg_notices/rules/documents/handbook_on_electronic_filing.pdf). Persons with questions regarding electronic filing should contact the Secretary (202–205–2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary.

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and of sections 201.10 and 210.50(a)(4) of the Commission's Rules of Practice and Procedure (19 CFR 201.10, 210.50(a)(4)).

By order of the Commission.
Issued: October 1, 2010.

Marilyn R. Abbott,
Secretary to the Commission.

[FR Doc. 2010–25244 Filed 10–6–10; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 337–TA–678]

In the Matter of Certain Energy Drink Products; Notice of Issuance of a Corrected General Exclusion Order

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined to revise the general exclusion order issued in the subject investigation on September 8, 2010.

FOR FURTHER INFORMATION CONTACT: Jia Chen, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–708–3747. Copies of all nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–2000. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: This trademark and copyright-based investigation was instituted by the Commission on June 17, 2009, based on a complaint filed by Red Bull GmbH of Fuschl am See, Austria, and Red Bull North America, Inc. of Santa Monica, California (collectively, "Red Bull"). 74 FR 28725 (Jun. 17, 2009). The respondents named in the notice of investigation were: Chicago Import Inc. of Chicago, Illinois; Lamont Distr., Inc., a/k/a Lamont Distributors Inc., of Brooklyn, New York; India Imports, Inc., a/k/a International Wholesale Club, of Metairie, Louisiana; Washington Food and Supply of DC, Inc., a/k/a Washington Cash & Carry, of Washington, DC; Vending Plus, Inc. d/b/a Baltimore Beverage Co., of Glen Burnie, Maryland; Posh Nosh Imports (USA), Inc. of South Kearny, New Jersey ("Posh Nosh"); Greenwich, Inc. of Florham Park, New Jersey; Advantage Food Distributors Ltd. of Suffolk, UK; Wheeler Trading, Inc. of Miramar, Florida; Avalon International General Trading, LLC of Dubai, United Arab Emirates; and Central Supply, Inc. of Brooklyn, New York. The asserted trademarks are U.S. Trademark Reg. Nos. 3,092,197; 2,946,045; 2,994,429; and 3,479,607. The asserted copyright is U.S. Copyright Registration No. VA0001410959.

On September 8, 2010, the Commission issued a general exclusion

order directed to U.S. Trademark Registration Nos. 3,092,197; 2,946,045; 2,994,429; and 3,479,607 and U.S. Copyright Registration No. VA0001410959. The Commission has determined to issue a corrected general exclusion order to more closely conform to the Commission's determination.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended, 19 U.S.C. 1337, and in sections 210.49–50 of the Commission's Rules of Practice and Procedure, 19 CFR 210.49–50.

By order of the Commission.

Issued: October 1, 2010.

Marilyn R. Abbott,
Secretary to the Commission.

[FR Doc. 2010–25242 Filed 10–6–10; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–718 (Third Review)]

Glycine From China

AGENCY: United States International Trade Commission.

ACTION: Institution of a five-year review concerning the antidumping duty order on glycine from China.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is November 1, 2010. Comments on the adequacy of responses may be filed with the Commission by December 14, 2010. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 11–5–225, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* October 1, 2010.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On March 29, 1995, the Department of Commerce (Commerce) issued an antidumping duty order on imports of glycine from China (60 FR 16116). Following first five-year reviews by Commerce and the Commission, effective July 25, 2000, Commerce issued a continuation of the antidumping duty order on imports of glycine from China (65 FR 45752). Following second five-year reviews by Commerce and the Commission, effective November 15, 2005, Commerce issued a second continuation of the antidumping duty order on imports of glycine from China (70 FR 69316). The Commission is now conducting a third review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to this review:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) *The Subject Country* in this review is China.

(3) *The Domestic Like Product* is the domestically produced product or products which are like, or in the

absence of like, most similar in characteristics and uses with, the *Subject Merchandise*. In its original determination, the Commission defined the *Domestic Like Product* as all glycine, regardless of grade. In its first and second expedited five-year review determinations, the Commission continued to define the *Domestic Like Product* as all glycine, coextensively with Commerce's scope.

(4) *The Domestic Industry* is the U.S. producers as a whole of the *Domestic Like Product*, or those producers whose collective output of the *Domestic Like Product* constitutes a major proportion of the total domestic production of the product. In its original determination and its first and second expedited five-year review determinations, the Commission defined the *Domestic Industry* as all domestic producers of glycine.

(5) *An Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

Participation in the review and public service list.—Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official has advised that a five-year review is not considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b)(19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics. Consequently, former employees are not required to seek Commission approval to appear in a review under Commission

rule 19 CFR § 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in this review available to authorized applicants under the APO issued in the review, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the review. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with this review must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is November 1, 2010. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is December 14, 2010. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize

filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determination in the review.

Information To Be Provided In Response to this Notice of Institution: As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product*, a U.S. union or worker group, a U.S. importer of the *Subject Merchandise*, a foreign producer or exporter of the *Subject Merchandise*, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C.

1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry*.

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product*. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 2004.

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and E-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) If you are a U.S. producer of the *Domestic Like Product*, provide the following information on your firm's operations on that product during calendar year 2009, except as noted (report quantity data in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production;

(b) Capacity (quantity) of your firm to produce the *Domestic Like Product* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

(c) the quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(d) the quantity and value of U.S. internal consumption/company

transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(e) the value of (i) net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2009 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of *Subject Merchandise* imported from the *Subject Country*; and

(c) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from the *Subject Country*.

(11) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2009 (report quantity data in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in the *Subject Country* accounted for by your firm's(s') production; and

(b) Capacity (quantity) of your firm to produce the *Subject Merchandise* in the *Subject Country* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal

operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) the quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject Merchandise* from the *Subject Country* accounted for by your firm's(s') exports.

(12) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Country* after 2004, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Country*, and such merchandise from other countries.

(13) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry*; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: October 4, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010-25287 Filed 10-6-10; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731-TA-298 and 299 (Third Review); (Investigation Nos. 701-TA-267 and 731-TA-304 (Third Review))]

Porcelain-on-Steel Cooking Ware From China and Taiwan; Top-of-the-Stove Stainless Steel Cooking Ware From Korea

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on porcelain-on-steel cooking ware from China and Taiwan and the antidumping and countervailing duty orders on top-of-the-stove stainless steel cooking ware from Korea.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on porcelain-on-steel cooking ware from China and Taiwan and the countervailing and antidumping duty orders on top-of-the-stove stainless steel cooking ware from Korea would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is November 1, 2010. Comments on the adequacy of responses may be filed with the Commission by December 14, 2010. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: Effective Date: October 1, 2010.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 11-5-227 expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

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

SUPPLEMENTARY INFORMATION:

Background.—On December 2, 1986, the Department of Commerce (Commerce) issued antidumping duty orders on imports of porcelain-on-steel cooking ware from China and Taiwan (51 FR 43414). On January 20, 1987, Commerce issued antidumping and countervailing duty orders on imports of top-of-the-stove stainless steel cooking ware from Korea (52 FR 2138). Following five-year reviews by Commerce and the Commission, effective April 14, 2000, Commerce issued a continuation of the antidumping duty orders on porcelain-on-steel cooking ware from China and Taiwan (65 FR 20136 and 21504) and, effective April 18, 2000, Commerce issued a continuation of the countervailing and antidumping duty orders on top-of-the-stove stainless steel cooking ware from Korea (65 FR 20801). Following second five-year reviews by Commerce and the Commission, effective November 17, 2005, Commerce issued a continuation of the antidumping duty order on imports of top-of-the-stove stainless steel cooking ware from Korea (70 FR 69739). Effective November 22, 2005, Commerce issued a continuation of the countervailing duty order on top-of-the-stove stainless steel cooking ware from Korea (70 FR 70585) and the antidumping duty orders on porcelain-on-steel cooking ware from China and Taiwan (70 FR 70581). The Commission is now conducting third reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to these reviews:

certified that it did not export subject merchandise to the United States during the period of investigation ("POI"). In addition, pursuant to section 751(a)(2)(B)(i)(II) of the Act and section 351.214(b)(2)(iii)(A) of the Department's regulations, Quoc Viet certified that, since the initiation of the investigation, it has never been affiliated with any Vietnamese exporter or producer who exported subject merchandise to the United States during the POI, including those respondents not individually examined during the investigation. As required by section 351.214(b)(2)(iii)(B) of the Department's regulations, Quoc Viet also certified that its export activities were not controlled by the central government of Vietnam.

In addition to the certifications described above, pursuant to section 351.214(b)(2)(iv) of the Department's regulations, Quoc Viet submitted documentation establishing the following: (1) The date on which Quoc Viet first shipped subject merchandise for export to the United States and; (2) the volume of its first shipment; and (3) the date of its first sale to an unaffiliated customer in the United States.²

Initiation of New Shipper Review

Pursuant to section 751(a)(2)(B) of the Act and section 351.214(d)(1) of the Department's regulations, we find that the request submitted by Quoc Viet meets the threshold requirements for initiation of a NSR for shipments of shrimp from Vietnam produced and exported by Quoc Viet.³ The POR is February 1, 2010–July 31, 2010.⁴ The Department intends to issue the preliminary results of this NSR no later than 180 days from the date of initiation, and the final results no later than 270 days from the date of initiation.⁵

It is the Department's usual practice, in cases involving non-market economies, to require that a company seeking to establish eligibility for an antidumping duty rate separate from the NME entity-wide rate provide evidence of *de jure* and *de facto* absence of government control over the company's export activities. Accordingly, we will issue questionnaires to Quoc Viet,

which will include a section requesting information with regard to Quoc Viet's export activities for separate rate purposes. The NSR will proceed if the response provides sufficient indication that Quoc Viet is not subject to either *de jure* or *de facto* government control with respect to its export of subject merchandise.

We will instruct U.S. Customs and Border Protection to allow, at the option of the importer, the posting, until the completion of the review, of a bond or security in lieu of a cash deposit for each entry of the subject merchandise from Quoc Viet in accordance with section 751(a)(2)(B)(iii) of the Act and section 351.214(e) of the Department's regulations. Because Quoc Viet certified that it both produced and exported the subject merchandise, the sale of which is the basis for this new shipper review request, we will apply the bonding privilege to Quoc Viet only for subject merchandise which Quoc Viet both produced and exported.

Interested parties requiring access to proprietary information in this NSR should submit applications for disclosure under administrative protective order in accordance with sections 351.305 and 351.306 of the Department's regulations.

This initiation and notice are in accordance with section 751(a)(2)(B) of the Act and sections 351.214 and 351.221(c)(1)(i) of the Department's regulations.

Dated: September 20, 2010.

Susan H. Kuhbach,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2010-24729 Filed 9-30-10; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-Year ("Sunset") Review

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

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("the Department") is automatically initiating a five-year Review ("Sunset Review") of the antidumping and countervailing duty orders listed below. The International Trade Commission ("the Commission") is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers the same orders.

DATES: *Effective Date:* October 1, 2010.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the *Initiation of Review* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205-3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department's conduct of Sunset Reviews is set forth in the Department's Policy Bulletin 98.3—*Policies Regarding the Conduct of Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders: Policy Bulletin*, 63 FR 18871 (April 16, 1998).

Initiation of Review

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping and countervailing duty orders:

DOC Case No.	ITC Case No.	Country	Product	Department contact
A-351-602	731-TA-308	Brazil	Carbon Steel Butt-Weld Pipe Fittings (3rd Review).	Dana Mermelstein (202) 482-1391.
A-588-602	731-TA-309	Japan	Carbon Steel Butt-Weld Pipe Fittings (3rd Review).	Dana Mermelstein (202) 482-1391.

² See also "Memorandum to the File, through Scot T. Fullerton, Program Manager, "Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: Placing CBP data on the record," dated concurrently with this notice.

³ See "Memorandum to the File, through Scot T. Fullerton, Program Manager, "Certain Frozen Warmwater Shrimp from the Socialist Republic of Vietnam: New Shipper Initiation Checklist," dated concurrently with this notice.

⁴ See section 351.214(g)(1)(i)(B) of the Department's regulations.

⁵ See section 751(a)(2)(B)(iv) of the Act.

DOC Case No.	ITC Case No.	Country	Product	Department contact
A-583-605	731-TA-310	Taiwan	Carbon Steel Butt-Weld Pipe Fittings (3rd Review).	Dana Mermelstein (202) 482-1391.
A-549-807	731-TA-521	Thailand	Carbon Steel Butt-Weld Pipe Fittings (3rd Review).	Dana Mermelstein (202) 482-1391.
A-580-601	731-TA-304	South Korea	Top-of-the-Stove Stainless Steel Cooking Ware (3rd Review).	Dana Mermelstein (202) 482-1391.
A-570-836	731-TA-718	PRC	Glycine (3rd Review)	Dana Mermelstein (202) 482-1391.
A-583-508	731-TA-299	Taiwan	Porcelain-on-Steel Cooking Ware (3rd Review).	Jennifer Moats (202) 482-5047.
A-570-855	731-TA-841	PRC	Apple Juice Concentrate Non-Frozen (2nd Review).	Jennifer Moats (202) 482-5047.
A-570-814	731-TA-520	PRC	Carbon Steel Butt-Weld Pipe Fittings (3rd Review).	Dana Mermelstein (202) 482-1391.
A-570-506	731-TA-298	PRC	Porcelain-on-Steel Cooking Ware (3rd Review).	Jennifer Moats (202) 482-5047.
C-580-602	701-TA-267	South Korea	Top-of-the-Stove Stainless Steel Cooking Ware (3rd Review).	David Goldberger (202) 482-4136.

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the pertinent statute and Department's regulations, the Department schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the Department's Internet Web site at the following address: "<http://ia.ita.doc.gov/sunset/>." All submissions in these Sunset Reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103 (d), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order ("APO") immediately following publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304-306.

Information Required From Interested Parties

Domestic interested parties defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b)) wishing to participate in a Sunset Review must

respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. See 19 CFR 351.218(d)(1)(i). The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the order without further review. See 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's conduct of Sunset Reviews.¹ Please consult the Department's regulations at 19 CFR part 351 for definitions of terms and for other general information concerning antidumping and

¹ In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests to extend that five-day deadline based upon a showing of good cause.

countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218 (c).

Dated: September 28, 2010.

Susan H. Kuhbach,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2010-24736 Filed 9-30-10; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

RIN 0648-XZ30

Marine Fisheries Advisory Committee; Public Meetings

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice of open public meeting.

SUMMARY: Notice is hereby given of a meeting of the Marine Fisheries Advisory Committee (MAFAC). This will be the second meeting to be held in the calendar year 2010. Agenda topics are provided under the **SUPPLEMENTARY INFORMATION** section of this notice. All full Committee sessions will be open to the public.

DATES: The meeting will be held October 19-21, 2010, from 8:30 a.m. to 5 p.m.

ADDRESSES: The meeting will be held at the Maryland Inn, Historic Inns of Annapolis, 16 Church Circle in Annapolis, MD 21401; 410-263-2641.

FOR FURTHER INFORMATION CONTACT: Mark Holliday, MAFAC Executive

Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: 202-482-8029 or 202-482-3019, respectively.

SUPPLEMENTARY INFORMATION:

Background

On October 1, 2010, the Department initiated a sunset review of the antidumping duty order on glycine from the PRC pursuant to section 751(c) of the Act. *See Initiation*. On October 5, 2010, the Department received a notice of intent to participate from the following domestic interested parties: GEO Specialty Chemicals (“GEO”) and Chattem Chemicals, Inc. (“Chattem”) (collectively the Glycine Producers of the United States or “the domestic interested parties”), within the deadline specified in 19 CFR 351.218(d)(1)(I). *See* Letter from David M. Schwartz, to Secretary Gary Locke, titled “Sunset Review of the Antidumping Order on Glycine from the People’s Republic of China—Notification of Intent to Participate by Domestic Interested Parties,” dated October 5, 2010. In this letter, the domestic interested parties claimed interested party status under section 771(9)(C) of the Act, as U.S. manufacturers of glycine. On October 29, 2010, the Department received a complete substantive response from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). *See* Letter from David M. Schwartz, to Secretary Gary Locke, titled “Sunset Review of the Antidumping Order on Glycine from the People’s Republic of China—Substantive Response to Notice of Initiation,” dated October 29, 2010. The Department did not receive any comments from producers or exporters of glycine from the PRC.

Based on the submissions of the domestic interested parties and pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department has conducted the sunset review on an expedited basis.

Scope of Order

The product covered by the 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”). 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*, 62 FR 62288 (November 21, 1997). Although the HTSUS subheading is provided for convenience and Customs purposes, the written description of the merchandise under the order is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum (“Decision Memorandum”) from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated January 31, 2011, which is hereby adopted by this notice. The issues discussed in the accompanying Decision Memorandum address the likelihood of a continuation or recurrence of dumping were the order to be revoked and also the magnitude of the margin likely to prevail upon revocation. Parties can find a complete discussion of the issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room 7046 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

The Department determines that revocation of the antidumping duty order on glycine from the PRC would be likely to lead to a continuation or recurrence of dumping at the following weighted-average percentage margin:

Manufacturers/producers/exporters	Weighted-average margin
PRC-Wide Entity (all manufacturers/producers/exporters) ...	155.89%

The Department is issuing and publishing these results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: January 31, 2010.

Ronald K. Lorentzen,
Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011-2883 Filed 2-8-11; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-836]

Notice of Final Results of Expedited Sunset Review of the Antidumping Duty Order: Glycine From the People’s Republic of China

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

SUMMARY: On October 1, 2010, the Department of Commerce (“the Department”) initiated a sunset review of the antidumping duty order on glycine from the People’s Republic of China (“PRC”) pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”). *See Initiation of Five-Year (“Sunset”) Review*, 75 FR 60731 (October 1, 2010) (“*Initiation*”). Based on filings by domestic interested parties and pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(A) of the Department’s regulations, the Department conducted an expedited sunset review of the antidumping duty order. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the level indicated in the “Final Results of Review” section of this notice.

DATES: *Effective Date:* February 9, 2011.

FOR FURTHER INFORMATION CONTACT: Patrick Edwards or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of

accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

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

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: February 8, 2011.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. 2011-3327 Filed 2-14-11; 8:45 am]

BILLING CODE P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-718 (Third Review)]

Glycine From China

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct a full five-year review and scheduling of a full five-year review concerning the antidumping duty order on glycine from China.

SUMMARY: The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission also hereby gives notice of the scheduling of the full review concerning the antidumping duty order on glycine from China. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* February 9, 2011.

FOR FURTHER INFORMATION CONTACT: Stefania Pozzi Porter (202-205-3177), Office of Investigations, U.S. International Trade Commission, 500 E

Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—On January 4, 2011, the Commission determined that responses to its notice of institution of the subject five-year review were such that a full review pursuant to section 751(c)(5) of the Act should proceed. The Commission found that the domestic interested party group response to its notice of institution (75 FR 62141, October 7, 2010) was adequate and that the respondent interested party group response was inadequate.¹ A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the review and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in this review as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the review need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the review.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to

¹ Chairman Deanna Tanner Okun and Commissioners Daniel R. Pearson and Shara L. Aranoff concluded that the domestic group response for this review was adequate and the respondent group response was inadequate and voted for a full review. Vice Chairman Irving R. Williamson and Commissioners Charlotte R. Lane and Dean A. Pinkert concluded that the domestic group response for this review was adequate and the respondent group response was inadequate and voted for an expedited review.

section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this review available to authorized applicants under the APO issued in the review, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the review. A party granted access to BPI following publication of the Commission's notice of institution of the review need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the review will be placed in the nonpublic record on June 7, 2011, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on June 30, 2011, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before June 23, 2011. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on June 27, 2011, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is June 16, 2011. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is July 11, 2011; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the

review may submit a written statement of information pertinent to the subject of the review on or before July 11, 2011. On August 4, 2011, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before August 8, 2011, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

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

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: February 9, 2011.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. 2011-3326 Filed 2-14-11; 8:45 am]

BILLING CODE P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-388-391 and 731-TA-817-821 (Second Review)]

Cut-to-Length Carbon Steel Plate From India, Indonesia, Italy, Japan and Korea

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty orders on cut-to-length carbon steel plate from India, Indonesia, Italy, and Korea and the antidumping duty orders on cut-to-length carbon steel plate from India, Indonesia, Italy, Japan, and Korea.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the countervailing duty orders on cut-to-length carbon steel plate from India, Indonesia, Italy, and Korea and the antidumping duty orders on cut-to-length carbon steel plate from India, Indonesia, Italy, Japan, and Korea would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* February 4, 2011.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION: On February 4, 2011, the Commission determined that it should proceed to

full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (75 FR 67108, November 1, 2010) was adequate, and that the respondent interested party group responses with respect to Italy, Japan, and Korea were adequate and decided to conduct full reviews with respect to the antidumping duty orders concerning cut-to-length carbon steel plate from Italy, Japan, and Korea, and the countervailing duty orders concerning cut-to-length carbon steel plate from Italy and Korea. The Commission found that the respondent interested party group responses with respect to India and Indonesia were inadequate. However, the Commission determined to conduct full reviews concerning subject imports from India and Indonesia to promote administrative efficiency in light of its decision to conduct full reviews with respect to subject imports from Italy, Japan, and Korea. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: February 10, 2011.

William R. Bishop,

Hearings and Meetings Coordinator.

[FR Doc. 2011-3337 Filed 2-14-11; 8:45 am]

BILLING CODE P

INTERNATIONAL TRADE COMMISSION

[USITC SE-11-004]

Government in the Sunshine Act Meeting Notice

AGENCY HOLDING THE MEETING: United States International Trade Commission.

TIME AND DATE: February 16, 2011 at 11 a.m.

PLACE: Room 110, 500 E Street SW., Washington, DC 20436, Telephone: (202) 205-2000.

STATUS: Open to the public.

MATTERS TO BE CONSIDERED: 1. Agenda for future meetings: none.

2. Minutes.

3. Ratification List.

4. Vote in Inv. No. 731-TA-298 (Third Review) (Porcelain-on-Steel

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Glycine from China, Inv. No. 731-TA-718 (Third Review)

On January 4, 2011, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. §1675(c)(5)).

The Commission received a joint response with company specific data from two domestic producers of glycine: Chattem Chemicals, Inc. and GEO Specialty Chemicals, Inc.. The Commission found the individual response of each of these domestic producers to be adequate. Because these producers collectively account for all known domestic production of glycine, the Commission determined that the domestic interested party group response was adequate.

The Commission did not receive a response to the notice of institution from any respondent interested party, and therefore determined that the respondent interested party group response was inadequate.

Notwithstanding the Commission's determination that the respondent interested party group response was inadequate, the Commission determined to conduct a full review in light of information regarding possible changes in conditions of competition.¹ These include trends in U.S. demand; the nature of U.S. supply, particularly concerning the presence in the U.S. market of nonsubject imports; and the structure and market orientation of the Chinese glycine industry.

A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (www.usitc.gov).

¹ Vice Chairman Williamson and Commissioners Lane and Pinkert voted to conduct an expedited review due to the lack of respondent participation. They did not find that the record in this adequacy phase indicated sufficient changes in the conditions of competition since the original investigation and the first and second five-year reviews to warrant conducting a full review.

APPENDIX B
HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Glycine from China
Inv. No.: 731-TA-718 (Third Review)
Date and Time: June 30, 2011 - 9:30 a.m.

The hearing was held in connection with this investigation in the Main Hearing Room, 500 E Street (room 101), S.W., Washington, D.C.

In Support of Continuation of Antidumping Duty Order:

Thompson Hine LLP
Washington, D.C.
on behalf of

GEO Specialty Chemicals, Inc.
Chattem Chemicals, Inc.

William P. Eckman, Executive Vice President and Chief
Financial Officer, GEO Specialty Chemicals, Inc.

James H. Kedrowski, Executive Vice President, Chattem
Chemicals, Inc.

William F. Mahoney III, Marketing Manager, GEO Specialty
Chemicals, Inc.

Kenneth R. Button, Senior Vice President, Economic
Consulting Services LLC

James P. Dougan, Senior Economist, Economic
Consulting Services LLC

William L. Matthews, Senior Manager, International
Trade, Thompson Hine LLP

David M. Schwartz
David S. Christy, Jr.) – OF COUNSEL

PUBLIC WITNESS:

Winston & Strawn LLP
Washington, D.C.
on behalf of

Summit Research Labs, Inc.

Linda Kozak, Director of Administration, Summit Research

Daniel L. Porter
Ross Bidlingmaier

) – OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1
Glycine: Summary data concerning the U.S. market, 2005-10

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)												
Item	Reported data						Period changes					
	2005	2006	2007	2008	2009	2010	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
U.S. consumption quantity:												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
China	***	***	***	***	***	***	***	***	***	***	***	***
Nonsubject countries:												
India	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
China	***	***	***	***	***	***	***	***	***	***	***	***
Nonsubject countries:												
India	***	***	***	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:												
China:												
Quantity	1,915	2,177	2,184	3,630	126	1,190	-37.9	13.7	0.3	66.2	-96.5	846.9
Value	2,397	2,598	2,866	11,535	222	1,724	-28.1	8.4	10.3	302.5	-98.1	675.9
Unit value	\$1.25	\$1.19	\$1.31	\$3.18	\$1.77	\$1.45	15.7	-4.7	9.9	142.2	-44.3	-18.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Nonsubject countries:												
India:												
Quantity	2,030	2,233	828	2,588	2,944	4,048	99.4	10.0	-62.9	212.5	13.8	37.5
Value	2,798	2,882	1,119	7,124	6,529	8,236	194.4	3.0	-61.2	536.9	-8.4	26.1
Unit value	\$1.38	\$1.29	\$1.35	\$2.75	\$2.22	\$2.03	47.6	-6.3	4.7	103.8	-19.4	-8.3
Japan:												
Quantity	2,047	2,610	3,726	2,596	2,628	3,382	65.2	27.5	42.8	-30.3	1.2	28.7
Value	2,808	3,310	4,438	9,494	6,865	8,402	199.2	17.9	34.1	113.9	-27.7	22.4
Unit value	\$1.37	\$1.27	\$1.19	\$3.66	\$2.61	\$2.48	81.1	-7.5	-6.1	207.0	-28.6	-4.9
Korea:												
Quantity	992	1,124	444	0	0	0	-100.0	13.3	-60.5	-100.0	(2)	(2)
Value	1,278	1,300	570	0	0	0	-100.0	1.7	-56.1	-100.0	(2)	(2)
Unit value	\$1.29	\$1.16	\$1.28	(2)	(2)	(2)	(2)	-10.3	11.0	-100.0	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:												
Quantity	359	392	225	807	215	415	15.5	9.3	-42.5	257.9	-73.3	92.8
Value	837	936	558	2,581	449	971	16.0	11.9	-40.4	362.7	-82.6	116.1
Unit value	7,343	8,537	7,408	9,621	5,913	9,034	23.0	16.3	-13.2	29.9	-38.5	52.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
All sources:												
Quantity	7,343	8,537	7,408	9,621	5,913	9,034	23.0	16.3	-13.2	29.9	-38.5	52.8
Value	10,118	11,026	9,550	30,733	14,066	19,333	91.1	9.0	-13.4	221.8	-54.2	37.4
Unit value	\$1.38	\$1.29	\$1.29	\$3.19	\$2.38	\$2.14	55.3	-6.3	-0.2	147.8	-25.5	-10.0
Ending inventory quantity	683	714	209	236	120	211	-69.1	4.5	-70.7	12.9	-49.2	75.8

Table C--1--Continued
Glycine: Summary data concerning the U.S. market, 2005-10

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)												
Item	Reported data						Period changes					
	2005	2006	2007	2008	2009	2010	2005-10	2005-06	2006-07	2007-08	2008-09	2009-10
U.S. producers:												
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1) . .	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour) . .	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss) . .	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable or not meaningful.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

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

APPENDIX D

COMMENTS BY U.S. PRODUCERS, IMPORTERS, AND PURCHASERS REGARDING THE EFFECTS OF THE ANTIDUMPING ORDER AND THE LIKELY EFFECTS OF REVOCATION

**U.S. PRODUCERS COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING
DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

Question II-3

The Commission requested U.S. producers to describe any anticipated changes in the character of their operations or organization relating to the importation of glycine in the future (question II-3). The following are quotations from the responses of producers:

“***.”

“***.”

Question II-4

The Commission requested producers to describe any anticipated changes in the character of their operations or organization relating to the importation of glycine in the future if the antidumping duty order on glycine from China is revoked (question II-4). The following are quotations from the responses of producers:

“***.”

“***.”

Question II-17

The Commission requested producers to describe the significance of the existing antidumping duty order covering imports of glycine from China in terms of its effect on their firm's production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital, expenditures, research and development expenditures, and asset values. (question II-17). The following are quotations from the responses of producers:

“***.”

“***.”

Question II-18

The Commission requested producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital, expenditures, research and development expenditures, and asset values relating to the production of glycine in the future if the antidumping order on glycine from China is revoked. (question II-18). The following are quotations from the responses of producers:

“***.”

“***.”

**U.S. IMPORTERS COMMENTS REGARDING THE SIGNIFICANCE OF THE ANTIDUMPING
DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

Question II-3

The Commission requested importers to describe any anticipated changes in the character of their operations or organization relating to the importation of glycine in the future (question II-3). The following are quotations from the responses of importers:

“No.”

“No.”

“No.”

“No.”

“No.”

“Yes. The business has filed the final tax return as of July 2010. It has ceased operation since July 15, 2010.”

“No.”

“None.”

“No.”

“No.”

“No.”

“***.”

“No.”

“***.”

“No.”

“Yes. We have discontinued buying glycine from China as of May, 2010.”

Question II-4

The Commission requested importers to describe any anticipated changes in the character of their operations or organization relating to the importation of glycine in the future if the antidumping duty order on glycine from China is revoked (question II-4). The following are quotations from the responses of importers:

“No.”

“No.”

“No.”

“Yes. Introduction of glycine from China would cause our sales to drop due to increased competition from other suppliers/distributors.”

“Yes. In case of order is revoked, there is possibility the pricing of glycine from China will become more competitive.”

“No.”

“No.”

“Yes. Due to the antidumping order, we lost most of our international sales to foreign competitors. If the order is revoked, it would increase our competitiveness internationally.”

“No.”

“No.”

“Yes. Logic dictates if the anti dumping duty is revoked a company would be importing more Glycine due to cost benefits as a historical pattern for goods coming out of China. This pattern bears out proof per one example I experienced, as what happened with Sodium Saccharin from Shanghai Fortune located in China, where their imports increased dramatically when they received a dumping duty benefit by the ITC.”

“No.”

“No.”

“***.”

“No.”

“Yes. We would probably start purchasing glycine from China again.”

Question II-10

The Commission requested importers to describe the significance of the existing antidumping duty order covering imports of glycine from China in terms of its effect on their firms' imports, U.S. shipments of imports, and inventories (question II-10). The following are quotations from the responses of importers:

"We have not imported Glycine before the existence of the anti-dumping duty, and only imported Glycine once in 2010 and not since then."

"N/A"

"We currently buy from the US producer because of the anti-dumping duty. Before the duty we were an importer now we buy from the US. If the duties are removed, we will go back to the Chinese producers."

"No significance. Material is only imported from ONE Indian producer."

"There is no enough data to compare."

"Not enough data to compare."

"The order has no significance to ***. We never imported from China and have no intention to import from China in the near future."

"The existing antidumping order rises the glycine price from China, and our firm has been purchasing glycine from the U.S. suppliers since April 2008."

"N/A."

“We are a small player in glycine but we do note and observe the market conditions from imports to offers by traders handling Chinese glycine. We noticed in Q4 2009 through 2010 that offers of Chinese glycine continued to decrease from \$2.25/lb duty cleared to below \$1.80/lb duty cleared. This included at least 3 trading companies bringing in glycine from China. These traders also show up on import records in 2009 and 2010.”

“None.”

“Glycine was not an important product and volumes were small. Overall, did not have any material effect.”

“***.”

“As glycine was in the past a temporary portion of our business, the existing anti-dumping order has minimal impact on our firm’s operations.”

“It causes us to be uncompetitive with other players in the world markets.”

Question II-11

The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of glycine in the future if the antidumping duty order on glycine from China is revoked (question II-11). The following are quotations from the responses of importers:

“No.”

“No.”

“Yes. As a distributor, we would probably shift our buying from the US producer to the Chinese producers because their cost would be better.”

“Yes. Sales would drop due to large volumes of Chinese glycine imported into the US.”

“Yes. *** is a whole saler/importer. Should the antidumping duty order be revoked, it is likely to get more orders from end users, since overall pricing is more favorable, hence has more sales. The pricing will be more favorable to the end users.”

“No. Business ceased to operate July 15, 2010.”

“No.”

“No.”

“No.”

“No.”

“Yes. *** will lose price competitiveness due to the increase of low priced Glycine supply from China and increased domestic competition from the US importers.”

“Yes. Considering the offers we received from Chinese traders for Glycine, duty cleared, in 2010 this translates in our estimation to a non-subsidized cost (VAT rebates to the Chinese exporters) of about \$.80/lb. We do not know how this is possible and logic would dictate that Chinese manufacturers would do this to generate through put capacity at any cost to generate cash. Thus we think that if the dumping duties were lifted pricing would erode even further and most likely in our estimation to around \$1.40/lb duty cleared USA.”

“No.”

“***.”

“No.”

“Yes. We would start buying from China again and then be able to reduce the cost of our blended products.”

**U.S. PURCHASERS COMMENTS REGARDING THE SIGNIFICANCE OF THE
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. purchasers to describe the likely effects of any revocation of the subject antidumping orders on the future activities of their firm and the entire U.S. market (questions III-34 (1) and III-34 (2)). The following are quotations from the responses of purchasers:

(1) Effects on the activities of the firm

“We will probably buy more Chinese material because they will be lower in price (2010-2014).”

“None.”

“If the anti-dumping order is revoked for Chinese imports, we will immediately begin importing material directly from China. We are already a major importer for Chinese food, feed, and nutrition ingredients and stay away from glycine to avoid risk. If the risk is gone, we will have to convert our business to China.”

“None.”

“Glycine purchases for our company have a minimal effect on our overall business.”

“No change for the *** purchases from domestic or from parent company purchases.”

“We would re-visit landed costs of Chinese glycine, possibly bringing in sample lots for validation.”

“With revocation of antidumping duties, it would give our firm more purchasing options to meet our ever-increasing demand. This would allow us to immediately improve our profit margins, and/or reduce our costs, thus allowing us to improve our sales, and grow our business faster than would otherwise happen. This would lead to additional demand for glycine.”

“We only purchase *** domestically produced material.”

“We are a small player. We would probably lose the customers we have if the ADD is taken out.”

“It will increase our products competitiveness in the international market and hence increase our exports.”

“None.”

“We won’t be purchasing it most likely.”

“Expect our customers to question the origin of our material possibly wanting to avoid material from China.”

“It will improve our gross margins by reducing the cost.”

“Revocation of the order would likely result in *** customers switching from a U.S. domestic source to Chinese suppliers.”

“None. Our customers have not qualified glycine from any source in China, and the glycine we use in the United States is specially made for ***, and is not standard grade glycine.”

“Reconsider Chinese sources.”

“Revocation of the antidumping order may adversely affect the U.S. glycine market. *** will continue to purchase from our current supplier/source. We do not plan nor anticipate changing our current glycine purchasing patterns.”

“One would assume that revocation of the antidumping duty order for imports of glycine from China should make purchase of Chinese glycine less costly. *** currently uses Chinese glycine, but at a high cost that we are typically unable to pass along to customers of our products, since they also purchase from our competition who produce outside the U.S., and thus they are not required to include antidumping duties in their raw material costing. ***.”

“We do not have this specific data; glycine is one of thousands of items that we sell.”

“We would expect our product cost to decrease.”

“Probably the same -- as our purchasing trend depends on the demand of our customers.”

“Decreased costs for glycine can have a dramatic impact on the domestic producers who we depend on for specific quality standards. We prefer not to source products used in injectable pharmaceuticals from China due to the lack of quality standards.”

“We will continue to purchase from Domestic suppliers as long as their material is available and at a fair market price.”

“Depends on our customers’ response.”

“Not sure of all elements and if any effects.”

“It may increase our international sales.”

(2) Effects on the entire U.S. market

“If the price is better on Chinese material more companies will by Chinese to save money and less US material will be sold.”

“Unable to comment.”

“The U.S. market will follow the same path as our firm. In addition, there are several small traders who import from China now and pay the duty. These companies accept the risk associated with importing an "anti-dumping" product to compete in the market. Their business will suffer if the larger distributors begin importing directly from China..”

“None.”

“Do not know.”

“The U.S. market as a whole, I would expect price reduction due to increase availability of Chinese material in the U.S. market.”

“It is believed other large consumers of glycine would do the same.”

“This would lead to adequate supply to meet demand in the marketplace.”

“Price may increase a bit and availability may become a problem.”

“Unknown.”

“None.”

“Most companies will not be buying it anymore.”

“Unsure what would happen to the US market.”

“Do not know.”

“U.S. market will be flooded with low-priced Chinese product.”

“Significant pricing changes for standard grade glycine.”

“Uncertain.”

“None.”

“The antidumping duty order puts a substantial burden on U.S. purchasers of glycine from China. The fact that the single viable U.S. manufacturer of glycine, ***, has insufficient capacity to supply all U.S. purchasers of glycine, and thus allocates their supply as they see fit, while at the same time being the prime force petitioning to keep the antidumping duty order in place for glycine from China (and from every other country that produces glycine) puts a true hardship on U.S. purchasers of glycine.”

“We do not have this specific data; glycine is one of thousands of items that we sell.”

“We would expect the cost of the material to decrease.”

“Probably the same -- as our purchasing trend depends on the demand of our customers.”

“We will continue to purchase from Domestic suppliers as long as their material is available and at a fair market price.”

“Price pressure, as always, when Chinese manufacturers enter the market. As it has occurred in the past with other products, American manufacturers could be forced to exit the market. This is a fairly common Chinese strategy.”

“Not sure of all elements and if any effects.”

“No effect.”

APPENDIX E

**QUARTERLY DOMESTIC AND
NONSUBJECT COUNTRY PRICE DATA**

Figures E-1 through E-2 present quarterly pricing and quantity data for glycine from the United States, China, and nonsubject countries. Nonsubject-country pricing data were received from India, Japan, and Thailand for USP-grade glycine (product 2) and technical-grade glycine (product 3).

When comparing domestic producers' pricing data to pricing data from all nonsubject sources, there were *** possible pricing comparisons, in which domestically produced glycine was priced higher in ***. Domestically produced USP-grade glycine (product 2) was priced higher than nonsubject USP grade glycine in *** possible comparisons, with an average overselling margin of *** percent. Nonsubject imports of USP-grade glycine (particularly imports from India) began to undersell domestically produced USP-grade glycine during the first quarter of 2009 through the first quarter of 2010.¹ Domestically produced technical-grade glycine (product 3) was priced higher than nonsubject product in *** possible comparisons, with an average overselling margin of *** percent.

When comparing Chinese pricing data to pricing data for all nonsubject sources, there were *** possible comparisons for USP-grade glycine (product 2) only. Glycine imported from China was priced lower than nonsubject-country glycine in *** comparisons, with an average margin of *** percent. A summary of margins of underselling and overselling is presented in table E-1.

Figure E-1

Glycine: Weighted-average quarterly prices and quantities for product 2, January 2005-December 2010

* * * * *

Figure E-2

Glycine: Weighted-average quarterly prices and quantities for product 3, January 2005-December 2010

* * * * *

Table E-1

Glycine: Summary of underselling/(overselling) by product and by year from nonsubject countries, January 2005-December 2010

* * * * *

¹ ***. Based on staff calculations from data submitted in response to Commission questionnaires.

