

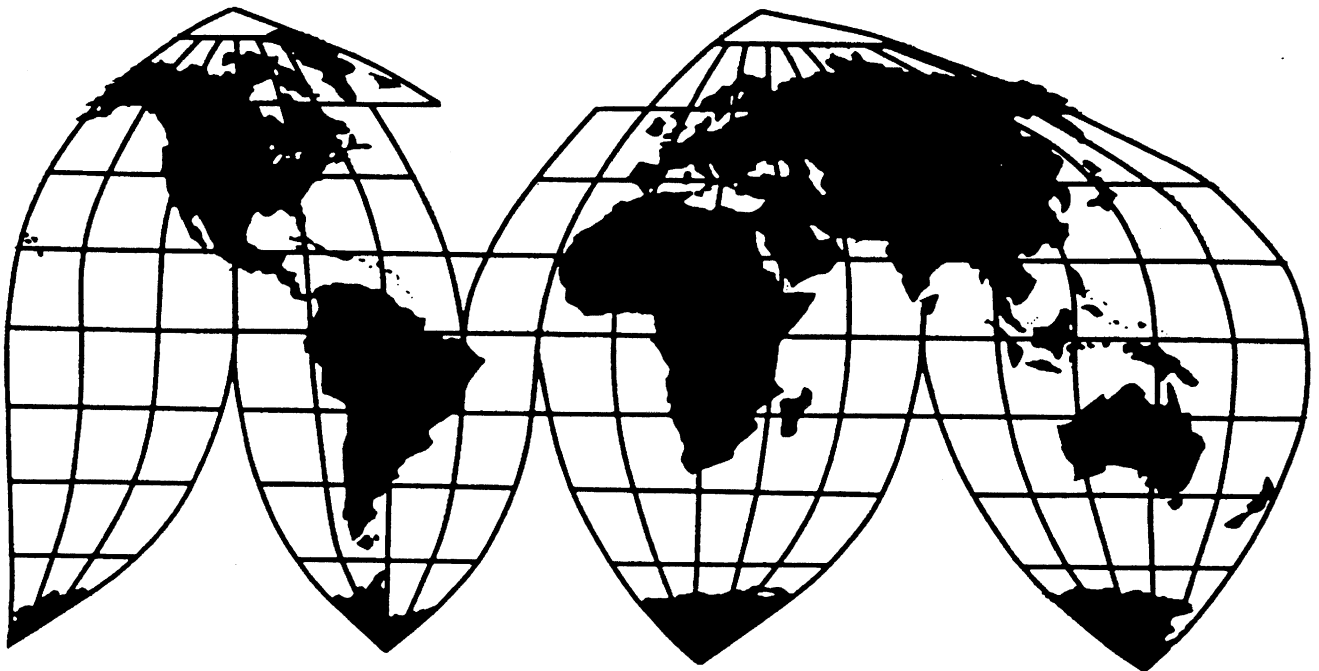
Sebacic Acid From China

Investigation No. 731-TA-653 (Review)

Publication 3189

May 1999

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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CONTENTS

	<i>Page</i>
Determination	1
Views of the Commission	3
Information obtained in the review	I-1
Introduction	I-3
The original investigation	I-3
Commerce's final results of expedited sunset review	I-4
The product	I-4
Scope	I-4
Description and uses	I-5
The industry in the United States	I-6
U.S. producer	I-6
U.S. production and shipments	I-6
U.S. Government	I-7
U.S. imports and consumption	I-8
U.S. importers	I-8
U.S. imports	I-8
Apparent U.S. open-market consumption	I-11
The industry in China	I-12
 Appendix	
A. <i>Federal Register</i> notices	A-1
B. Statement on adequacy	B-1
 Figure	
I-1. Sebacic acid: U.S. imports from China, by quantity, 1991-98	I-9
 Tables	
I-1. Sebacic acid: U.S. production and shipments, 1991-93 and 1997	I-7
I-2. Sebacic acid: U.S. imports, by sources, 1991-93 and 1997-98	I-10
I-3. Sebacic acid: U.S. producer's domestic open-market shipments, U.S. imports, and apparent U.S. open-market consumption, 1991-93 and 1997	I-12
I-4. Sebacic acid: China's capacity and shipments, 1991-93 and 1997-98	I-13

Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been replaced by asterisks (*)**.

GLOSSARY

APHA	American Public Health Association
Bai Cheng	Bai Cheng Organic Chemical Plant
C.i.f.	Cost, insurance, and freight
Commerce	U.S. Department of Commerce
Commission	U.S. International Trade Commission
Customs	U.S. Customs Service
Datong County Local	Datong County Local State Chemical Plant
FR	<i>Federal Register</i>
Guangdong I&E	Guangdong Chemicals Import & Export Corp.
Handan	Handan Chemical Plant
Handan Fuyang	Handan Fuyang Chemicals (Group) Ltd.
Hengshui Dongfeng	Hengshui Dongfeng Chemical Factory
HTS	Harmonized Tariff Schedule of the United States
Hunan Shaoyang	Hunan Shaoyang Organic Chemical Factory
ICV	Internal Calibration Value
Kaifeng No. 3	Kaifeng No. 3 Chemical Plant
Kezozhongqi Baolongshan	Kezozhongqi Baolongshan Organic Chemical Plant
LTFV	Less than fair value
Nangong	Nangong Chemical Factory/First Chemical Factory of Nangong
Ppm	Parts per million
Puyang Zhongyuan	Puyang Zhongyuan Petrochemical Plant
PVC	Polyvinyl chloride
<i>Response</i>	Response to the Commission's Notice of Institution
Shanxi Wenshui	Shanxi Wenshui Perfumery
Shaanxi Xingping	Shaanxi Xingping Paints Plant
Shanghai Pacific	Shanghai Pacific Chemical (Group) Corp.
Shenyang	Shenyang Organic Chemical Plant
Sinochem International	Sinochem International Chemicals Co.
Sinochem Jiangsu	Sinochem Jiangsu Import & Export Corp.
Sinochem U.S.A.	Sinochem U.S.A., Inc.
Tianjin I&E	Tianjin Chemicals Import & Export Corp.
Tianjin Zhonghe	Tianjin Zhonghe Chemical Plant
Tongliao	Tongliao Oil & Fat Chemical Factory
Union Camp	Union Camp Corp.
Weifang	Shangdong Weifang Organic Chemical Plant

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-653 (Review)

SEBACIC ACID FROM CHINA

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission unanimously determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on sebacic acid 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 December 2, 1998 (63 F.R. 66567) and determined on March 5, 1999 that it would conduct an expedited review (64 F.R. 12353, March 12, 1999).

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 sebacic acid 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 July 1994, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of sebacic acid from China that were being sold at less than fair value (“LTFV”).¹ That same month, Commerce issued an antidumping duty order on imports of sebacic acid from China.²

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties -- domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) -- demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.³ If the Commission finds the responses from either group of interested parties to be inadequate, the Commission may determine, pursuant to section 751(c)(3)(B) of the Act, to conduct an expedited review unless it finds that other circumstances warrant a full review.

In this review, Union Camp, the sole domestic producer of sebacic acid, filed a response to the notice of institution.⁴ No foreign producer, domestic importer, or other interested party filed a response to the notice of institution.

The Commission determined that the domestic interested party group response to the Commission’s notice of institution was adequate.⁵ The Commission further determined that the respondent interested party group response was inadequate because no foreign producers or U.S. importers of subject merchandise responded to the Commission’s notice of institution. Pursuant to section 751(c)(3)(B) of the Act, the Commission voted to conduct an expedited review.⁶

On April 14, 1999, Union Camp filed comments pursuant to 19 C.F.R. § 207.62(d), urging the Commission to determine that revocation of the antidumping duty order on sebacic acid would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

¹ Sebacic Acid from the People’s Republic of China, Inv. No. 731-TA-653 (Final), USITC Pub. 2793 (July 1994) (Original Determination), *aff’d*, Dastech Int’l v. United States Int’l Trade Comm’n, 963 F. Supp. 1220 (Ct. Int’l Trade 1997). Vice Chairman Nuzum, Commissioner Newquist and Commissioner Bragg determined that an industry in the United States was threatened with material injury by reason of subject imports. Commissioner Crawford concurred in the affirmative determination, but found that a domestic industry was materially injured by reason of the subject imports. Chairman Watson and Commissioner Rohr dissented.

² 59 Fed. Reg. 35909 (July 14, 1994).

³ See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

⁴ Union Camp did not file comments on adequacy. The Commission’s rules do not require interested parties or other parties to reviews to file comments on adequacy. See Rule 207.62(b).

⁵ See Explanation of Commission Determinations on Adequacy, Confidential Report (“CR”) at Appendix B, Public Report (“PR”) at Appendix B. See also 64 Fed. Reg. 12353 (March 12, 1999).

⁶ 19 U.S.C. § 1675(c)(3)(B); see 64 Fed. Reg. 12353 (March 12, 1999).

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”⁷ 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.”⁸ In its final five-year review determination, Commerce defined the subject merchandise as:

all grades of sebacic acid, a dicarboxylic acid with the formula $(CH_2)_8(COOH)_2$, which include, but are not limited to, CP Grade (500 ppm maximum ash, 25 maximum APHA color), Purified Grade (1000 ppm maximum ash, 50 maximum APHA color), and Nylon Grade (500 ppm maximum ash, 70 maximum ICV color). The principal difference between the grades is the quantity of ash and color. Sebacic acid contains a minimum of 85 percent dibasic acids of which the predominant species is the C_{10} dibasic acid. Sebacic acid is sold generally as a free-flowing powder/flake.⁹

Sebacic acid is a white, waxy compound derived from castor oil. It has a high melting point and is used principally to make polymers and esters. For example, it is polymerized to make nylon 6/10, which in turn is fabricated into products such as toothbrush bristles, fishing lines, and paper machine felts. Sebacic acid esters are used in plastic additives and plasticizers (which soften stiff plastics and resins) and in formulated products such as coatings, lubricants, and corrosion inhibitors.¹⁰

We find, based on the facts available, that the appropriate definition of the domestic like product in this expedited five-year review is the same as Commerce’s scope and unchanged from the Commission’s original determination, *i.e.*, sebacic acid.¹¹

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant industry as the “domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.”¹² In this investigation, we find that the domestic industry includes all domestic producers of sebacic acid.¹³

⁷ 19 U.S.C. § 1677(4)(A).

⁸ 19 U.S.C. § 1677(10). *See 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. 96-249 at 90-91 (1979).

⁹ 64 Fed. Reg. 16910, 16911 (April 7, 1999).

¹⁰ CR at I-5, PR at I-5 and Original Staff Report (June 17, 1994), USITC Pub. 3175 at II-3-5.

¹¹ Original Determination, USITC Pub. 3175 at I-7.

¹² 19 U.S.C. § 1677(4)(A).

¹³ During the period of the original investigation, Union Camp imported sebacic acid from China. *See* Original Determination, USITC Pub. 2793 at I-7. In the original determination, the Commission found that appropriate circumstances did not exist to exclude Union Camp from the industry under the related party provision, 19 U.S.C. § 16774(B), because Union Camp was responsible for all domestic production, functioned principally as a producer rather than an importer of sebacic acid, and did not market imported sebacic acid. USITC Pub. 2793 at I-8. In its response to the notice of institution, Union Camp stated that it no longer imports sebacic acid. Response at 8. Thus, we decline to exclude Union Camp from the industry under the related party provision.

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

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2), the Commission makes a determination that revocation of an order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”¹⁴ The Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo -- the revocation [of the order] ... and the elimination of its restraining effects on volumes and prices of imports.”¹⁵ Thus, the likelihood standard is prospective in nature.¹⁶ The statute states that “the Commission shall consider that the effects of revocation ... may not be imminent, but may manifest themselves only over a longer period of time.”¹⁷ 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 antidumping and countervailing duty investigations].”^{18 19}

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same 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 order is revoked.” It directs the Commission to take into

¹⁴ 19 U.S.C. § 1675a(a).

¹⁵ SAA, H.R. Rep. No. 103-316, Vol. I, at 883-84 (1994). 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.)” SAA at 883.

¹⁶ 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 shipment levels and current and likely continued 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.

¹⁷ 19 U.S.C. § 1675a(a)(5).

¹⁸ 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.*

¹⁹ In analyzing what constitutes a reasonably foreseeable time, Commissioners Crawford and Koplan examine all the current and likely conditions of competition in the relevant industry. They define “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, they consider all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, their analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future. 5

account its prior injury determination, whether any improvement in the state of the industry is related to the order under review, and whether the industry is vulnerable to material injury if the order is revoked.^{20 21}

Section 751(c)(3) of the Act and the Commission's regulations provide that in an expedited five-year review the Commission may issue a final determination "based on the facts available, in accordance with section 776."^{22 23} As noted above, no respondent interested parties responded to the Commission's notice of institution. Accordingly, we have relied on the facts available in this review, which consist primarily of the record in the original investigation, limited information collected by Commission staff since the institution of this review, and information submitted by Union Camp.

For the reasons stated below, we determine that revocation of the antidumping duty order on sebacic acid would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.²⁴

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry if the order is revoked, the statute directs the Commission to evaluate all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."²⁵ In performing our analysis under the statute, we have taken into account the following conditions of competition in the U.S. market for sebacic acid.

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

²¹ Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings "the findings of the administrative authority regarding duty absorption." 19 U.S.C. § 1675a(a)(1)(D). To date, Commerce has not issued any duty absorption findings in this case. 64 Fed. Reg. 16910, 16912 (April 7, 1999).

²² 19 U.S.C. § 1675(c)(3)(B); 19 C.F.R. § 207.62(e). Section 776 of the Act, in turn, 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 section 782(i) of the Act. 19 U.S.C. § 1677e(a). The statute permits the Commission to use adverse inferences in selecting from among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from information from the record of our original determination and any other information placed on the record. *Id.*

²³ Chairman Bragg and Commissioners Koplman and Askey note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but emphasize that such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. "[T]he Commission balances all record evidence and draws reasonable inferences in reaching its determinations." SAA at 869 [emphasis added]. Practically speaking, when only one side has participated in a five-year review, much of the record evidence is supplied by that side, though that data is supplemented with publicly available information. We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." *Id.*

²⁴ Vice Chairman Miller and Commissioner Hillman emphasize that they have reached this conclusion in the absence of contrary evidence or argument from respondent interested parties.

²⁵ 19 U.S.C. § 1675a(a)(4).

Apparent U.S. consumption of sebacic acid remained within a steady range during and since the original investigation.²⁶ Union Camp's open market shipments and market share have *** since 1993.²⁷ Conversely, the 1997 volume and market share of subject imports were *** their 1993 volume and market share.²⁸ Both the largest percentage increase in domestic shipments and the deepest decline in subject imports occurred from 1993 to 1994, immediately after the antidumping order was issued.²⁹ In 1997, Union Camp's shipments and market share were higher than during the original investigation (1991-1993), notwithstanding an increase in nonsubject imports.³⁰

The available evidence suggests that Union Camp's capacity to produce sebacic acid has not changed since 1993. Union Camp indicated that it replaced its sebacic acid cookers, but has ***.³¹ In 1997, Union Camp produced *** pounds of sebacic acid, bringing its production *** capacity of *** pounds, whereas in 1993, it was operating at only *** percent of its capacity to produce sebacic acid.³²

The domestic market for sebacic acid appears to be mature. While Union Camp states that it has improved its production methods to produce sebacic acid with a greater C-10 content and lower ash content, the available technology is essentially unchanged from the original investigation.³³ Moreover, the end uses and applications for sebacic acid remain essentially the same, e.g. for making polymers and esters.³⁴

²⁶ We note that the captive production provision, 19 U.S.C. § 1671(7)(C)(iv), is not applicable to five-year reviews. However, it is within the Commission's discretion to consider the impact of captive consumption in its analysis of whether the industry is likely to be materially injured by subject imports if the orders are revoked. See generally Titanium Sponge from Japan, Kazakhstan, Russia, and Ukraine, Inv. Nos. 751-TA-17-20, USITC Pub. 3119 at 15 n. 82 (Aug. 1998); Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, The Republic of Korea, Mexico, The Netherlands, New Zealand, Poland, Romania, Spain, Sweden, and the United Kingdom, Inv. Nos. 701-TA-319-332, 334, 336-342, 344, 347-353, Inv. Nos. 731-TA-573-579, 581-592, 594-597, 599-609, 612-619 (Final) (Steel), USITC Pub. 2664 at 22-23 (Aug. 1993), *aff'd*, United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), *aff'd*, 96 F.3d 1352 (Fed. Cir. 1996). In the original investigation, the Commission examined all domestic consumption of sebacic acid, including Union Camp's internal consumption. Original Determination, USITC Pub. 2793 at I-9 & n. 35. However, because the subject imports of sebacic acid did not affect the open-market and captive consumption the same way, the Commission focused its analysis on the open-market segment of the industry in evaluating material injury and threat. *Id.*

In this expedited review, we have no information on current levels of captive consumption. We have relied on the facts available, which reflect open market data. Apparent U.S. open market consumption was *** pounds in 1991, *** pounds in 1992, *** pounds in 1993, and *** pounds in 1997. Table I-3, CR at I-16, PR at I-12.

²⁷ The domestic producer's open-market shipments were *** pounds in 1991, *** pounds in 1992, *** pounds in 1993, and *** pounds in 1997. These shipments accounted for *** percent of domestic open-market consumption in 1991, *** percent in 1992, *** percent in 1993, and *** percent in 1997. Table I-3, CR at I-16, PR at I-12.

²⁸ The volume of subject imports was 4.4 million pounds in 1991, 5.2 million pounds in 1992, 5.0 million pounds in 1993, and 2.4 million pounds in 1997. Relative to consumption, subject imports accounted for *** percent of the market in 1991, *** percent in 1992, *** percent in 1993, and *** percent in 1997. Table I-3, CR at I-16, PR at I-12.

²⁹ Union Camp's open-market shipments increased from *** pounds in 1993 to *** pounds in 1994, and then were *** pounds in 1995, *** pounds in 1996, and *** pounds in 1997. Union Camp's Response to Notice of Institution at Exhibit 5. The volume of subject imports decreased by approximately 75 percent from 1993 to 1994, continued to decrease approximately another 10 percent in 1995, and have since risen to just under half of their 1993 volume. Figure I-1, CR at I-11, PR at I-9.

³⁰ See Table I-2, CR at I-12, PR at I-10. There were 53 thousand pounds of nonsubject imports in 1991, 474 thousand pounds in 1992, 232 thousand pounds in 1993, and 1.0 million pounds in 1997. *Id.*

³¹ Union Camp's Response to Notice of Institution at 10; CR at I-7; PR at I-5.

³² Memorandum OINV R-104 (June 17, 1994) ("Original Staff Report"), confidential version at I-21, USITC Pub. 2793 at II-14.

³³ See CR at I-7, PR at I-5.

³⁴ CR at I-5-6, PR at I-4-5.

In the original determination, the Commission found that subject imports from China were increasingly substitutable with domestic sebacic acid.³⁵ Purchasers indicated that quality and price were the most important factors in purchasing decisions.³⁶ In terms of quality, the Commission noted that end users had found the Chinese product increasingly more acceptable and were undertaking the testing necessary to allow use of the imported sebacic acid for those uses with which the domestic product directly competed.³⁷ Given the evidence before us, we find that domestic and subject imported sebacic acid are substitutable and that price continues to be an important purchasing consideration.

Since 1962, the U.S. Defense Logistics Agency has maintained a stockpile of sebacic acid for civilian and military applications.³⁸ Although the Defense Logistics Agency did not purchase or sell any sebacic acid during 1991-1993, it has sold small increments of the stockpile each year since 1993. For the period from October 1, 1998, through September 30, 1999, that agency proposes to sell 400,000 pounds of sebacic acid. In light of the confined nature and limited extent of these sales, we do not find them to be a significant competitive factor in the U.S. market.

Based on the record evidence, we find that these conditions of competition in the sebacic acid market are not likely to change significantly in the reasonably foreseeable future. Accordingly, in this review, we find that current conditions in the sebacic acid market provide us with a reasonable basis from which to assess the likely effects of revocation of the order within the reasonably foreseeable future.³⁹

C. Likely Volume of Subject Imports

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.⁴⁰ 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.⁴¹

The record from the original investigation indicates that the Chinese sebacic acid industry had the ability and willingness to establish quickly a significant presence in the U.S. market. The market penetration of imports into the United States of sebacic acid from China increased rapidly from *** percent of apparent U.S. consumption in 1992 to *** percent of the U.S. market in 1993.⁴² From 1991 to 1993,

³⁵ Original Determination, USITC Pub. 2793 at I-14. *See also* Original Determination, USITC Pub. 2793 at I-19-20 (Additional Views of Commissioner Carol T. Crawford) (finding “relatively high substitutability” between domestic like product and LTFV imports).

³⁶ Original Confidential Report at I-49, USITC Pub. 2793 at II-29.

³⁷ *Id.*

³⁸ CR at I-9, PR at I-7; Original Confidential Report at I-18-19, USITC Pub. 2793 at II-13.

³⁹ In analyzing whether revocation of a finding or order would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time, Commissioner Crawford takes as her starting point the date on which the revocation would actually take place. In this review, the order would be revoked in January 2000. 19 U.S.C. § 1675(c)(6)(A)(iv).

⁴⁰ 19 U.S.C. § 1675a(a)(2).

⁴¹ 19 U.S.C. § 1675a(a)(2)(A)-(D). The record contains little or no information pertaining to existing inventories of the subject merchandise or the existence of barriers in other countries with respect to importation of sebacic acid. Addressing the potential for product shifting, we note that the Commission in its original determination found that sebacic acid facilities are dedicated to the production of sebacic acid. Original Determination, USITC Pub. 2793 at I-13, n. 77. There is no contrary evidence in the record of this review. Thus product shifting is not an issue.

⁴² Original Determination, Confidential Version at I-12, USITC Pub. 2793 at I-14, *citing* Original Confidential Report at I-45, Table 15. By value, the subject imports increased from *** percent in 1992 to *** percent in 1993. 8

(continued...)

imports from China accounted for between 91.6 and 98.8 percent of the quantity of U.S. imports of sebacic acid.^{43 44} Capacity to produce sebacic acid in China increased each year from 1991 to 1993 and was projected to increase again in 1994.⁴⁵ Capacity utilization had dropped to a period low of 84.9 percent in 1993.⁴⁶ Underutilized Chinese capacity of 15.1 percent represented *** percent of apparent U.S. consumption in 1993.⁴⁷ Chinese production was oriented towards exports, which accounted for more than three-fourths of all production.⁴⁸

The volume of sebacic acid imported from China declined sharply after the order was imposed.⁴⁹ Between 1995 and 1997, the level of imports from China began rising again, but has remained well below the 1991-1993 levels.

Several factors support the conclusion that subject import volume is likely to be significant if the order is revoked. First, the post-1995 increase in the volume of Chinese sebacic acid imports followed Commerce's lowering of the margins for some producers as a result of administrative reviews.⁵⁰ Based on this evidence, it is reasonable to infer that there has been, and will likely be, a direct correlation between the volume of subject imports and the elimination of antidumping duties. In this regard, we note that the current conditions of competition are similar to those in existence prior to issuance of the order.⁵¹ We find it likely in these circumstances that the exporters who have ceased or reduced shipping sebacic acid to the United States upon issuance of the order would reenter the U.S. market and that the import volume would rise significantly if the discipline of the order were removed.⁵²

Second, the information available in the record indicates that Chinese capacity to produce sebacic acid has nearly doubled since the period of the original investigation. The size of the sebacic acid industry in China appears to have grown from 14 producers in 1993 to 18 producers in 1998.⁵³ Union Camp also presented documented evidence about the current and projected capacity of three Chinese sebacic acid producers.⁵⁴ These data, which indicate a current capacity of 26.8 million pounds and a projected capacity of at least 30.8 million pounds for just the three firms identified, exceed by over 10 percent the sebacic acid capacity of 23.6 million pounds reported for all Chinese sebacic acid producers in 1993.⁵⁵ If this capacity is added to the capacity of the three largest Chinese producers in 1993, the capacity of these six producers alone would equal approximately *** pounds, as compared to the total 23.6 million pound capacity for all

⁴² (...continued)

Original Confidential Report at I-45, Table 15.

⁴³ See Table I-3, CR at I-16, PR at I-12. See also Original Confidential Report at I-44, Table 14, USITC Pub. 2793 at II-26.

⁴⁴ Given that the current conditions of competition are similar to those in existence prior to issuance of the order and based on the available evidence, Chairman Bragg infers that Chinese producers would resume exporting significant volumes of sebacic acid to the United States if the order is revoked. In this regard she notes that, during the original investigation, Chinese production was oriented towards exports, which accounted for more than three-fourths of all production. Original Confidential Report at I-40, Table 13, USITC Pub. 2793 at II-24, Table 13.

⁴⁵ Original Determination, USITC Pub. 2793 at I-13 and II-24, Table 13.

⁴⁶ *Id.*

⁴⁷ *Id.* and Original Confidential Report at I-13, Table 1.

⁴⁸ Original Confidential Report at I-40, Table 13, USITC Pub. 2793 at II-24, Table 13.

⁴⁹ Figure 1, CR at I-11, PR at I-9.

⁵⁰ See CR at I-3, n. 5, PR at I-3, n. 5.

⁵¹ Chairman Bragg notes in this regard that the SAA states that "[i]f the Commission finds that pre-order conditions are likely to recur, it is reasonable to conclude that there is likelihood of continuation or recurrence of injury." SAA at 884.

⁵² See SAA at 890.

⁵³ CR at I-15 & n. 43, PR at I-12 & n. 43.

⁵⁴ See CR at I-15-17 & n. 43 and Table I-4, PR at I-12-13 & n. 43 and table I-4; Union Camp's Response to Notice of Institution at 6, 10 (n. 10) and Exhibits 8 and 9. This evidence included data obtained from Chinese producers' Internet home pages.

⁵⁵ Table I-4, n. 1, CR at I-17, PR at I-13.

Chinese producers in 1993.⁵⁶ While we do not have precise information, it is reasonable to infer that the current capacity exceeds this *** pounds since it appears that there are 12 other producers in China.⁵⁷

Third, the Chinese industry has continued to be export-oriented. The producers have expressed a continued focus on export markets, with two substantial producers specifically listing the United States (or “America”), among their markets for sebacic acid.⁵⁸ We find that the increased production capacity and emphasis on export markets is evidence of the Chinese producers’ willingness and ability to export significant volumes of sebacic acid to the U.S. market in the absence of the order.

Thus, based on the record in this review, we find that significant volumes of sebacic acid from China are likely to be exported to the United States within the reasonably foreseeable future if the antidumping duty order is revoked. Consequently, we conclude that subject imports would likely increase to a significant level, and would regain significant U.S. market share, absent the restraining effect of the order.

D. Likely Price Effects of Subject Imports

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the price of domestic like products.⁵⁹

The record in this expedited review contains a limited amount of pricing data for the U.S. market. In the original determination, the Commission found that sebacic acid imports from China consistently undersold the domestic like product, and that prices and unit values for the Chinese product declined during 1991-93.⁶⁰

As we have found, the subject merchandise and the domestic like product are substitutable products for which price is an important, if not critical, criterion in the purchasing decision for customers. Based on the record evidence, we find it likely that the Chinese producers would offer attractively low prices to U.S. purchasers in order to regain market share if the antidumping duty order is revoked.

During the original investigation, the average unit value of the subject imports declined from \$1.25 per pound in 1991 to \$0.90 per pound in 1993.⁶¹ By 1995, the year after issuance of the order, the average unit value for Chinese sebacic acid sold in the U.S. market rose to \$1.22 per pound.⁶² Since then, the average unit value for Chinese sebacic acid has remained higher than the average unit value for Chinese sebacic acid imported during the period of the original investigation.⁶³ Further, World Trade Atlas data

⁵⁶ *Id.* We note that during the period of the original investigation, Chinese production capacity increased each year and was projected to increase further. See Original Confidential Report at I-40-41 and Table 13, USITC Pub. 2793 at II-23-24.

⁵⁷ CR at I-15, n. 43, PR at I-12, n. 43. Union Camp also stated that at least an additional 6.6 million pounds of sebacic acid capacity exists in the province of Henan, which is a province not represented by any of the Chinese producers that have been subject to Commerce’s administrative reviews. Union Camp’s Response to Notice of Institution at 6.

⁵⁸ Union Camp’s Response to Notice of Institution at Exhibits 8 and 9.

⁵⁹ 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.

⁶⁰ Original Determination, USITC Pub. 2793 at I-12, I-14-15.

⁶¹ Table I-2, CR at I-12, PR at I-10. By contrast, the average unit value of Union Camp’s shipments (combined open-market and captive) were at or above *** per pound for each of the years 1991 through 1993. Original Confidential Report at I-23, Table 4.

⁶² Union Camp’s Response to Notice of Institution, Exhibit 7 (from the World Trade Atlas).

⁶³ The World Trade Atlas information provided by Union Camp indicates that the average unit value for Chinese sebacic acid sold in the United States was \$1.09, \$1.07 and \$1.06 per pound, respectively for 1996, 1997 and the 10

(continued...)

provided by Union Camp show that virtually all average unit values for Chinese sebacic acid exports to Europe and Canada from 1996 through at least the first half of 1998 were below the average unit value for Chinese sebacic acid exports to the United States during comparable time frames.^{64 65}

Accordingly, we find that revocation of the antidumping duty order would be likely to lead to significant price effects,⁶⁶ including significant underselling by the subject imports of the domestic like product, as well as significant price depression and suppression, in the reasonably foreseeable future.

E. Likely Impact of Subject Imports

In evaluating the likely impact of imports of subject merchandise if the order 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: (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.⁶⁷ 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.⁶⁸ 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 antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.⁶⁹

In the original determination, the Commission found that the domestic industry was threatened with material injury by reason of increasing volumes of low priced LTFV imports of sebacic acid that were

⁶³ (...continued)

first nine months of 1998. Union Camp's Response to Notice of Institution, Exhibit 7. However, based on official import statistics, Commission staff calculated average unit values of \$1.21 and \$1.28, respectively for 1997 and 1998. Table I-2, CR at I-12, PR at I-10. In this expedited review, we are unable to ascertain exactly how the World Trade Atlas data were calculated or to otherwise reconcile the data. However, under both calculations, 1997 and 1998 data show average unit values for Chinese sebacic acid sold in the U.S. market above those for the Chinese product that existed in the U.S. market during 1991-1993 and, as noted *infra*, above the average unit values for Chinese sebacic acid sold in other markets in 1997 and 1998.

⁶⁴ Union Camp's Response to Notice of Institution at Exhibit 7. We note that Union Camp also reported that its current selling price in European markets is *** per pound compared to the Chinese selling price of \$1.23 per pound, based on information obtained from its European customers. Union Camp's Response to Notice of Institution at 4.

⁶⁵ Commissioners Crawford and Koplan note that, as in the original investigation, the domestic producer, if faced with competition from significant volumes of LTFV imports from China in this mature market, would likely be forced to sacrifice sales volume in order to maintain prices at a profitable level, or sell its product at lower prices, or some combination of the two.

⁶⁶ Commissioner Crawford does not base her finding on a likelihood of significant underselling.

⁶⁷ 19 U.S.C. § 1675a(a)(4).

⁶⁸ 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" 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's expedited determination in its five-year review covered four named Chinese producers and exporters, and "all other" manufacturers and exporters of sebacic acid from China. Commerce found that revocation of the antidumping duty order would likely lead to margins of dumping ranging from 82.66 percent to 141.97 percent for the four named companies, and margins of 243.40 percent for all others. 64 Fed. Reg. 16910, 16913 (April 7, 1999).

⁶⁹ 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.

gaining an increasing share of the market in which the domestic product directly competed.⁷⁰ While the Commission found that the domestic industry was not yet experiencing material injury by reason of the LTFV imports, it noted that end users in the United States had begun to find the Chinese product more acceptable for uses for which the domestic product had been purchased in the past and that end users had undertaken testing and production process modifications to enable them to use Chinese sebacic acid.⁷¹ The Commission found that, as purchasers became more receptive to using Chinese sebacic acid, imports of this product as a substitute for the domestic product were likely to increase, and the large price differential between the domestic and Chinese product added to the likelihood that this increase would occur. Given the likelihood for an increase of substitutable imports of sebacic acid from China, the Commission found that the market penetration of subject imports was likely to increase to an injurious level.

After imposition of the antidumping duty order, the domestic industry's market share increased as subject imports exited the market.⁷² High-valued non-subject imports also gained some of the market share lost by subject imports, but do not appear to have adversely affected the ability of the domestic industry to improve its production and sales.⁷³ The basic substitutability of the product has enabled the domestic industry to readily replace subject imports and regain domestic market share. Apparent consumption is relatively confined within a steady range, and demand is unlikely to be increased by product development or new technology. Thus, it is likely that any future increase in the market share of subject imports would be largely at the expense of the domestic industry.⁷⁴ As in the original investigation, the domestic producer, if faced with competition from significant volumes of LTFV imports of sebacic acid from China in this mature market, would likely be forced to sacrifice sales volume in order to maintain prices at a profitable level, sell its product at lower prices, or some combination of the two.

As discussed above, based on the limited record in this review, we conclude that if the order is revoked, the likely volume of subject imports would be significant and that these imports would have significant adverse price effects. Given the substitutable nature of the product and its ability to compete directly with the domestic product for the same end uses, we find that a significant volume of low-priced subject imports would likely have a significant adverse impact on the production, shipment, sales, and revenue levels of the domestic industry. This reduction in the industry's production, sales and revenue levels would have a direct adverse impact on the industry's profitability and employment levels as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the antidumping duty order is revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

⁷⁰ Original Determination, USITC Pub. 2793 at I-14-15. Commissioner Crawford found that the subject imports had a significant impact on the domestic industry's production, sales, and revenues. She therefore found that the domestic industry would have been materially better off had the subject imports not been dumped. Consequently, she determined that the domestic industry was materially injured by reason of subject imports. Original Determination, USITC Pub. 2793 at I-17-22 (Additional Views of Commissioner Carol T. Crawford).

⁷¹ Original Determination, USITC Pub. 2793 at I-14.

⁷² See Union Camp's Response to Notice of Institution at Exhibit 5.

⁷³ See Tables I-1, I-2, and I-3, CR at I-9, I-12, and I-16, PR at I-7, I-10, and I-12.

⁷⁴ Union Camp has not asserted that the domestic industry is in a vulnerable state. The available record evidence indicates that domestic shipments, capacity utilization, sales and unit sales values have increased since the period of the original investigation. See Table I-1, CR at I-9, PR at I-7. Accordingly, we do not find that the domestic industry is in a weakened state, as contemplated by the vulnerability criterion of the statute. See SAA at 885 ("The term 'vulnerable' relates to susceptibility to material injury by reason of dumped or subsidized imports. This concept is derived from existing standards for material injury and threat of material injury If the Commission finds that the industry is in a weakened state, it should consider whether the industry will deteriorate further upon revocation of an order. . .").

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order covering sebacic acid from China would be likely to lead to continuation or recurrence of material injury to the domestic sebacic acid industry within a reasonably foreseeable time.

INFORMATION OBTAINED IN THE REVIEW

INTRODUCTION

On December 2, 1998, the Commission gave notice that it had instituted a review to determine whether revocation of the antidumping duty order on sebacic acid from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.¹ On March 5, 1999, the Commission determined that the domestic interested party response to its notice of institution was adequate;² the Commission also determined that the respondent interested party response was inadequate because no response was received. The Commission found no other circumstances that would warrant a full review. Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(3)).³ The Commission voted on this review on April 29, 1999, and notified Commerce of its determination on May 10, 1999.

The Original Investigation

The Commission completed the original investigation⁴ in July 1994, determining that an industry in the United States was threatened with material injury by reason of imports of sebacic acid from China that were being sold at LTFV. The Commission found the relevant like product to be all sebacic acid and the relevant domestic industry to consist of all U.S. producers of sebacic acid, which consisted of only the petitioner, Union Camp. After receipt of the Commission's determination, Commerce issued an antidumping duty order on imports of sebacic acid from China.⁵

¹ 63 FR 66567, Dec. 2, 1998. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

² Union Camp, the only U.S. producer responding to the Commission's notice, reported that it is the sole domestic producer of sebacic acid. *Response* by Union Camp, p. 2.

³ 64 FR 12353, Mar. 12, 1999. The Commission's notice of expedited review appears in app. A. See the Commission's web site (<http://www.usitc.gov>) for Commissioner votes on whether to conduct an expedited or full review. The Commission's statement on adequacy is presented in app. B. No respondent interested party response to the Commission's notice of institution was received and the domestic producer did not file any comments on adequacy. There are limited public data available concerning sebacic acid; most of the information in this review is from the record of the original investigation and from the *Response* by Union Camp.

⁴ The investigation resulted from a petition filed by Union Camp on July 19, 1993.

⁵ 59 FR 35909, July 14, 1994. This order required the posting of a cash deposit equal to the estimated weighted-average antidumping duty margins which were 85.48 percent for Sinochem Jiangsu, 59.67 percent for Tianjin I&E, 57.00 percent for Guangdong I&E, 43.72 percent for Sinochem International, and 243.40 percent for a China country-wide rate. Commerce stated that since it assigned a country-wide rate, there was no need to assign an "all others" cash deposit rate. ***. *Staff Report of June 17, 1994*, p. I-12. In determining the weighted-average antidumping duty margins, Commerce used a comparison between U.S. price (that was based on packed c.i.f. prices to unrelated purchasers in the United States, as adjusted) and foreign market value (that was based on the factors of production multiplied by the surrogate values for the different inputs, as adjusted). Because China is a non-market economy, India was chosen as a surrogate country with comparable economic development for purposes of constructing cost of production; for one production factor, water, there were no data available for India and Pakistan was used.

Union Camp contested the margins in Commerce's final determination, stating that Commerce should not have valued by-product/co-product octanol-2 by applying the Indian selling price for refined octanol-1 since there was no public information on pricing for octanol-2. On August 5, 1996, the U.S. Court of International Trade directed Commerce to value octanol-2 based on an appropriate cost of crude octanol-2 (instead of the Indian selling price for octanol-1) and recalculate its margins. Commerce complied on October 22, 1996, by using the internal transfer cost Union Camp assigned to octanol-2 since there was no sales information on octanol-2 on the record, and the revised margins as a result of the remand were 141.97 percent for Sinochem Jiangsu, 118.00 percent for Tianjin I&E, 102.09 percent for Guangdong I&E, 82.66 percent for Sinochem International, and 243.40 for a China country-wide rate. On April 11, 1997, the U.S. Court of International Trade sustained Commerce's determination on remand. However,

Commerce's Final Results of Expedited Sunset Review

On April 1, 1999, the Commission received Commerce's "Final Results of Expedited Sunset Review" concerning sebacic acid from China.⁶ The review covered all manufacturers and exporters of sebacic acid from China. Commerce determined that dumping is likely to continue if the antidumping duty order is revoked. The following tabulation provides information with regard to the margin (in percent) of dumping that Commerce found would likely prevail if the antidumping duty order is revoked.⁷

<u>Manufacturer/producer/exporter</u>	<u>Margin</u>
Sinochem Jiangsu	141.97
Tianjin I&E	118.00
Sinochem International	82.66
Guangdong I&E	102.99
All others	243.40

THE PRODUCT

Scope

Imports covered by this review are all grades of sebacic acid, a dicarboxylic acid with the chemical formula $(CH_2)_8(COOH)_2$. The grades of sebacic acid include, but are not limited to, CP grade (500 ppm maximum ash, 25 maximum APHA color⁸), purified grade (1,000 ppm maximum ash, 50 maximum APHA color), and nylon grade (500 ppm maximum ash, 70 maximum ICV color⁹). The principal difference between the grades is the quantity of ash and the color. Sebacic acid contains a minimum of 85 percent dibasic acids of which the predominant species is the C₁₀ dibasic acid.¹⁰ Sebacic acid is generally sold as a free-flowing powder/flake. Sebacic acid is classifiable in HTS statistical suffix 2917.13.0030 and is dutiable at a general

⁵ (...continued)

Commerce has not published notice of its remand determination in the *Federal Register*. See Commerce's final results of remand and the U.S. Court of International Trade's subsequent judgement in *Response* by Union Camp, exhibits 1 and 2, respectively.

Commerce has subsequently conducted three administrative reviews for the period July 13, 1994-June 30, 1995, and the 1-year review periods ended June 30 of 1996 and 1997. The cash deposit rates established for Tianjin I&E were 0 percent, 0 percent, and 1.09 percent for the administrative reviews ended in 1995, 1996, and 1997, respectively. The cash deposit rates established for Guangdong were 13.54 percent, 13.54 percent, and 10.18 percent for the respective periods and those established for Sinochem International were 70.54 percent, 1.78 percent, and 0.11 percent. Sinochem Jiangsu did not respond to Commerce's questionnaire, and therefore is included in the country-wide rate of 243.40, which has remained unchanged since the dumping order went into effect.

⁶ The *Federal Register* notice of Commerce's final results (64 FR 16910, Apr. 7, 1999) is presented in app. A.

⁷ Commerce determined that the margins calculated in the original investigation, as remanded by the U.S. Court of International Trade, reflect the behavior of exporters without the discipline of the order and are probative of the behavior of the Chinese producers/exporters of sebacic acid. The rate determined in the remand for Guangdong I&E was 102.09 percent; however in Commerce's final results, the rate is 102.99 percent.

⁸ The APHA color scale, also known as the Hazen color scale, is used for visually evaluating slight yellowness in solutions based on dilutions of a platinum-cobalt standard solution. *Paint and Coatings Dictionary*, 1978, p. 35.

⁹ ICV color appears to be an environmental standard color scale, where the product is compared against a series of known contaminants.

¹⁰ "C₁₀" refers to the carbon chain length and "dibasic acid" to the presence of two carboxylic acid functional groups (COOH). *Staff Report of June 17, 1994*, p. I-4.

rate of 4.8 percent ad valorem in 1999. The HTS classification is provided for convenience and for Customs purposes; the written description remains dispositive as to the scope of the product coverage.

Description and Uses

Sebacic acid (decanedioic acid) is a white, waxy compound with a melting point of about 134° C. It is generally sold as a free-flowing powder or flake. All sebacic acid consumed in the United States is used for further chemical manufacturing, principally by (1) esterification to produce sebacic acid esters, which are used for plasticizers¹¹ or plastic additives, and in formulated products such as coatings, lubricants, and corrosion inhibitors, and by (2) polymerization, mostly to produce nylon 6/10 (which is used in fabricated products, such as paper-making machines, toothbrushes, and fishing lines), as a molding resin for some demanding engineering applications, and to produce small amounts of other non-nylon resins.¹²

Commercially, sebacic acid is primarily produced from castor oil. Castor oil comes from castor seeds (or castor beans) and is mostly produced in the same countries where the castor seeds are grown, e.g., India, China, and Brazil. Producers of sebacic acid in the United States, Japan, and the United Kingdom rely on imported castor oil, whereas China, India, and Brazil produce their own castor oil.¹³ Sebacic acid is produced by Union Camp using a batch process and by the Chinese using a two-step production process. In both of these processes, the essential chemical reaction is the splitting of ricinoleic acid (which makes up about 89.5 percent of the fatty acid composition of castor oil) to form sebacic acid and capryl alcohol (octanol-2).

Union Camp uses a caustic oxidation batch process whereby castor oil, caustic soda, and caustic potash are heated for about *** hours. By-products, such as capryl alcohol and "oleic acid," are removed, leaving crude sebacic acid. Following purification, sebacic acid is either captively consumed by Union Camp's ester division or prepared and packaged into 50-pound or larger bags for storage or shipment to customers.¹⁴

Several of the larger Chinese producers use a more modern two-step process that uses liquid sodium hydroxide whereby (1) castor oil is hydrolyzed to its glycerine and fatty acid components and the ricinoleic acid is separated from the other fatty acids,¹⁵ and (2) the ricinoleic acid is then split into sebacic and capryl alcohol. At the time of the original investigation, the two-step process (which can be run in an integrated, continuous manner) reportedly resulted in lower operating costs, higher yields, better credits from the sale of purer by-product fatty acids, higher energy efficiency, and reduced reagent costs compared with the batch process used by Union Camp.¹⁶ No information has been presented in this review investigation concerning any changes in production processes or quality of the Chinese sebacic acid.

Since 1994, Union Camp has reportedly improved its production methods to produce sebacic acid with a greater C₁₀ count and lower ash content. Union Camp has replaced its sebacic acid cookers but states it has *** because it fears losing its investment to dumped sebacic acid both in the United States and in the world market.¹⁷

¹¹ Plasticizers act like internal lubricants to soften otherwise stiff plastics, particularly PVC resins, to make flexible sheet and film products used in many applications.

¹² *Staff Report of June 17, 1994*, pp. I-4 to I-6.

¹³ Castor oil available to producers in castor seed producing countries may be of higher quality than that available to countries that have to rely on imported castor oil. This is because of contamination in the tank(s) and the likelihood of multiple transfers to different tanks, which increases oxidation. *Staff Report of June 17, 1994*, p. 7.

¹⁴ *Staff Report of June 17, 1994*, pp. I-7 to I-9.

¹⁵ Removal of the glycerine and other fatty acids prevents the side reactions found in Union Camp's batch process and accounts for a C₁₀ content in excess of 99 percent.

¹⁶ *Staff Report of June 17, 1994*, pp. I-9 and I-10.

¹⁷ *Response by Union Camp*, p. 10.

THE INDUSTRY IN THE UNITED STATES

U.S. Producer

Union Camp produces sebacic acid and other castor oil products at its Dover, OH, facility, which it has operated since 1970.¹⁸ Union Camp has been the only U.S. producer of sebacic acid since the initiation of the original investigation. Union Camp is a large diversified corporation. In 1993, with corporate sales of \$3.1 billion and chemical products sales of \$519 million, Union Camp's sebacic acid sales accounted for *** and all products made in the same establishment amounted to ***.¹⁹ In 1996, Union Camp had total corporate sales of \$4.0 billion and chemical products sales of \$701 million.²⁰ There are no public financial data for 1996 or 1997 on a product or establishment level.

In November 1998, International Paper announced plans to acquire Union Camp in a tax-free stock exchange. Arizona Chemical, a subsidiary of International Paper, is the largest fractionator of crude tall oil and will reportedly be combined with Union Camp's Chemical Products Division since it also focuses on the fractionation of crude tall oil into its rosins and fatty acids.²¹ It is not known what effect the sale, if it takes place, will have on the castor-oil (specifically the sebacic-acid) operations of Union Camp.

U.S. Production and Shipments

Data reported by Union Camp on its sebacic acid operations are presented in table I-1. During the original investigation, production decreased by *** percent in 1992, and then increased in 1993 but was still about *** percent below the 1991 level. Production in 1997 was *** to *** percent higher than during 1991-93.

In the Commission's notice of institution, producers were asked to provide the quantity and value of "U.S. commercial shipments." It would appear that Union Camp reported the quantity and value of all open-market shipments (including exports),²² instead of providing the quantity and value of domestic open-market shipments. However, as part of the backup material for its derivation of the market shares accounted for by imports of sebacic acid from China, Union Camp provided the quantity of what it labeled its "U.S. shipments" for 1993-97,²³ but because the 1993 figure reported corresponds with the rounded domestic open-market shipments²⁴ figure in the original investigation, it is presumed that the shipments data provided are for domestic open-market shipments rather than for U.S. shipments).

The quantity and value of Union Camp's domestic open-market shipments and all open-market shipments decreased throughout the 1991-93 period of the original investigation. Domestic open-market shipment value data are not available for 1997, but the quantity of domestic open-market shipments and the quantity and value of all open-market shipments were *** percent, *** percent, and *** percent higher, respectively, in 1997 than in 1991 and the unit value of all open-market shipments was up by *** percent.

¹⁸ Union Camp bought the Dover, OH, plant from Penwalt, Inc., in 1970. *Staff Report of June 17, 1994*, p. I-15.

¹⁹ *Staff Report of June 17, 1994*, pp. I-28-30.

²⁰ Union Camp's 10K for the year 1996. Union Camp's total corporate sales in 1997 were reportedly \$4.4 billion. *Chemical Week*, Dec. 2, 1998, p. 7.

²¹ *Chemical Week*, Dec. 2, 1998, p. 7.

²² *Response by Union Camp*, p. 10.

²³ *Response by Union Camp*, exhibit 5.

²⁴ *Staff Report of June 17, 1994*, p. I-23. Domestic open market shipments was referred to as "domestic shipments" in the original investigation; it expressly excluded internal consumption/company transfers and export shipments.

Table I-1 Sebacic acid: U.S. production and shipments, 1991-93 and 1997				
Item	1991	1992	1993	1997
Quantity (1,000 pounds)				
Production	***	***	***	***
Shipments:				
Company transfers	***	***	***	(1)
Domestic open-market shipments	***	***	***	***
U.S. shipments	***	***	***	(1)
Exports	***	***	***	2***
Total shipments	***	***	***	(1)
Subtotal, all open-market shipments ³	***	***	***	***
¹ Not available. ² Derived by subtracting domestic shipments from all commercial shipments. ³ Comprising domestic open-market shipments plus exports, this shipments subtotal was not expressly presented in the staff report of the original investigation. The only values provided by Union Camp for 1997 appear to be for all "commercial," or open-market) shipments. The values for all open-market shipments were \$*** in 1991, \$*** in 1992, \$*** in 1993, and \$*** in 1997. The unit values were \$*** per pound in 1991, \$*** per pound in 1992, \$*** per pound in 1993, and \$*** per pound in 1997.				
Source: <i>Staff Report of June 17, 1994</i> , pp. I-21 and I-23 for 1991-93 data; <i>Response by Union Camp</i> , p. 10 and exhibit 5 for 1997 data.				

U.S. Government

The U.S. Government has maintained a stockpile of sebacic acid since 1962. Sebacic acid stockpiles are maintained by the Defense Logistics Agency in Indiana, Ohio, and West Virginia. Although there were no purchases or sales of sebacic acid during 1991-93,²⁵ the stockpiles have decreased every year since the original investigation. The levels of the stockpile (as of the September 30 fiscal year-end, and as reported annually to Congress) decreased from 5,009,697 pounds in 1994 to 4,408,497 pounds in 1995, 3,757,897 pounds in 1996, 3,457,500 pounds in 1997, and 3,056,700 pounds in 1998. For FY 1999, there are proposed sales of 400,000 pounds of sebacic acid from the stockpile; during October-December 1998, 250,000 pounds of this amount were sold, leaving 150,000 available for sale during the remainder of FY 1999. The stockpile currently stands at 2,806,700 pounds.²⁶

²⁵ *Staff Report of June 17, 1994*, pp. I-18 and I-19.

²⁶ Telephone conversation with *** of the Defense Logistics Agency, Mar. 30, 1999.

U.S. IMPORTS AND CONSUMPTION

U.S. Importers

During 1991-93, the number of firms importing sebacic acid ranged from 12 to 14.²⁷ Union Camp was the *** importer of sebacic acid from China and from all sources combined during 1989-92, and the *** importer in 1993.²⁸ Five importers, ***, accounted for about three-fourths of U.S. imports during 1991-93.²⁹ Union Camp reports that it no longer imports sebacic acid, and listed 10 firms (Dastech, ICC, SinoChem U.S.A., Wego, Ivanhoe, Fallek, Hexagon, Liaoning, Mitsui, and Welex) that it said were currently importing sebacic acid from China.³⁰

U.S. Imports³¹

As shown in figure I-1 and table I-2, U.S. imports of sebacic acid from China increased to their highest volume in 1992 and then decreased slightly in 1993, subsequent to the initiation of the antidumping investigation in July of that year. After the preliminary antidumping determination by Commerce in January 1994, such imports are estimated to have fallen substantially in 1994 and decreased further in 1995 until they were only about 13 percent of the volume of sebacic acid imports from China in 1992. Since then, imports of sebacic acid from China are estimated to have generally increased until in 1997 and 1998 they stood at 46 percent and 43 percent, respectively, of the 1992 volume.³²

During the original investigation, the unit value of imports of sebacic acid from China declined throughout 1991-93. The unit value of sebacic acid imports from China in 1997 was estimated at just under the 1991 level, and the unit value of such imports in 1998 was higher than in any year of the original investigation.

During the original investigation, *** accounted for *** percent of U.S. consumption of sebacic acid from China in 1991, *** percent in 1992, and *** percent in 1993.³³ *** used sebacic acid from China to produce ***, which they sold to ***.³⁴ Union Camp's sebacic acid was reportedly not an acceptable

²⁷ *Staff Report of June 17, 1994*, p. I-15. In the original investigation, much data were collected for a period of 5 years instead of for 3 years; in 1989 and 1990, there were 5 firms and 6 firms importing sebacic acid. *Ibid.*

²⁸ *Ibid.*

²⁹ *Staff Report of June 17, 1994*, p. I-56.

³⁰ *Response* by Union Camp, pp. 8-9. The first *** of these firms were listed as *** importers (and *** was a *** distributor) in the original investigation.

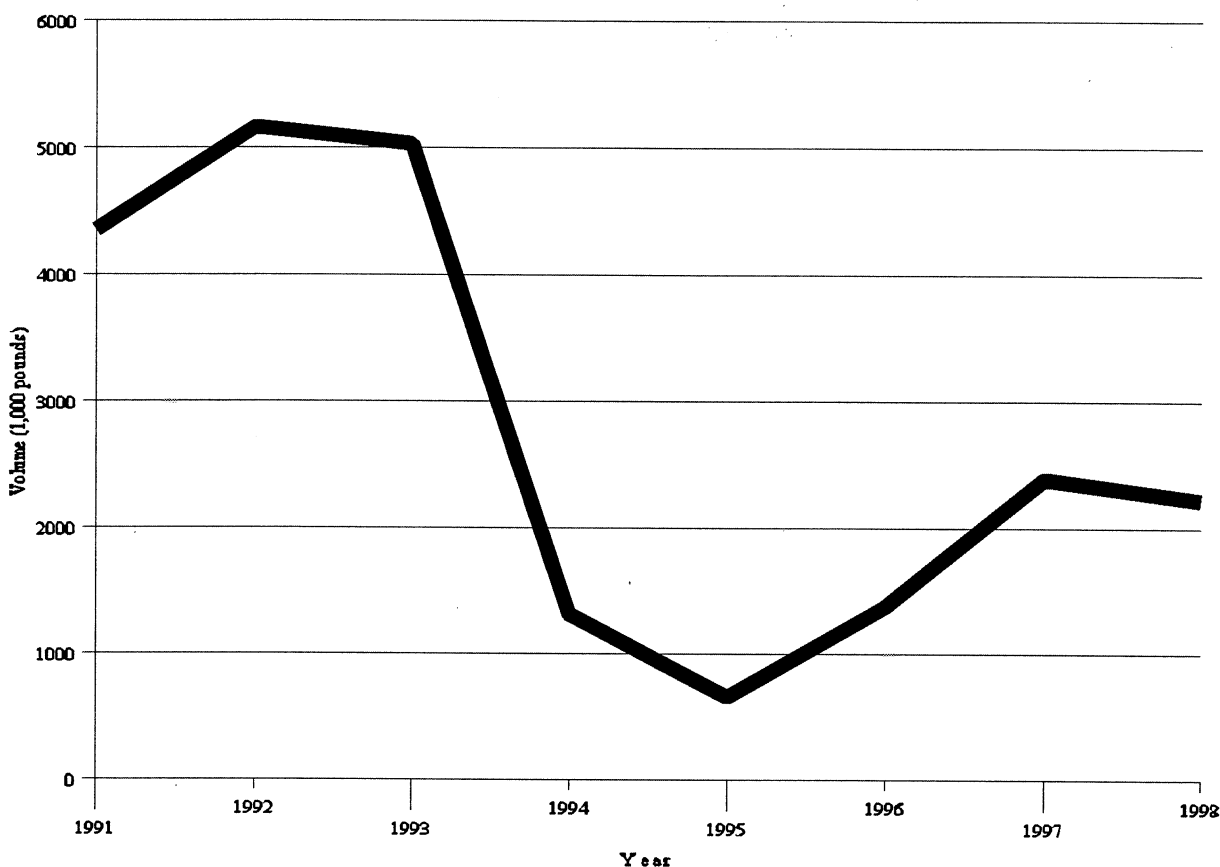
³¹ Until August 1, 1997, sebacic acid was included in a "basket" classification in the HTS that was not statistically subdivided. The classification, subheading 2917.13.00, also included azelaic acid and salts and esters of both azelaic and sebacic acids. In the original investigation, separate import data on sebacic acid were available from questionnaire responses and for 1998, separate import data are available from official statistics. The Commission staff estimated the imports of sebacic acid during January 1994-July 1997 by allocation based on the share of the total basket accounted for by sebacic acid during August 1997-January 1999 (the latest data currently available).

³² Data on the value of annual imports reviewed by Customs that are subject to the antidumping duty order are listed in the *Case History and Scope Information*, available on Commerce's web site. See Commerce's web site (http://www.ita.doc.gov/import_admin/records/sunset). These data list the value of subject imports at \$603,849 for FY 1994, \$688,935 for FY 1995, \$409,775 for FY 1996, and \$1,172,408 for FY 1997. Information received from Customs indicates that deposits on antidumping duties amounted to \$190,738 in FY 1994, \$305,955 in FY 1995, \$192,168 in FY 1996, and \$386,252 in FY 1997. *Antidumping/Countervailing Duty Annual Report*.

³³ *Staff Report of June 17, 1994*, p. I-39.

³⁴ Memorandum to the Commission EC-R-063, June 20, 1994, pp. 13 and 14 and *Staff Report of June 17, 1994*, p. I-55.

Figure I-1
 Sebacic acid: U.S. imports from China, by quantity, 1991-98



Source: *Staff Report of June 17, 1994*, p. I-14 for 1991-93 data (which were from questionnaire responses); estimates by the Commission staff, based on official Commerce statistics, for 1994-97; and official Commerce statistics for 1998.

substitute for the Chinese sebacic acid for this application, because the ***.³⁵ At the time of the original investigation, the domestic use of sebacic to produce this *** declined *** beginning in mid-to-late 1993 when ***.³⁶ No information has been provided in this review concerning ***; although Union camp reported improvements in the quality of its sebacic acid, including ***, it is unknown whether this would allow the production of *** from Union Camp's sebacic acid instead of the Chinese product.

During the original investigation, the only other sources for sebacic acid were Japan and Ukraine and imports from these sources amounted to 1 to 8 percent of the quantity of all sebacic acid imports. In 1997-98, Japan and the United Kingdom were the primary "other" sources for imports of sebacic acid; imports

³⁵ *Staff Report of June 17, 1994*, p. I-55.

³⁶ Memorandum to the Commission EC-R-063, June 20, 1994, pp. 13 and 14.

Table I-2 Sebacic acid: U.S. imports, by sources, 1991-93 and 1997-98					
Item	1991	1992	1993	1997 ¹	1998
Quantity (1,000 pounds)					
China	4,351	5,159	5,031	2,388	2,222
Other sources	53	474	232	1,030	1,688
Total	4,404	5,633	5,263	3,418	3,910
Value (1,000 dollars)					
China	5,437	4,794	4,505	2,887	2,847
Other sources	89	820	407	1,861	2,880
Total	5,526	5,614	4,912	4,748	5,727
Unit value (per pound)					
China	\$1.25	\$0.93	\$0.90	\$1.21	\$1.28
Other sources	1.68	1.73	1.75	1.81	1.71
Total	1.25	1.00	.93	1.39	1.46
<p>¹ Sebacic acid was included in a basket classification that also included azelaic acid and salts and esters of both sebacic and azelaic acid until Aug. 1, 1997. The Commission staff apportioned a share of the Jan.-July 1997 imports in the basket classification to sebacic acid by allocation based on the share of the imports that sebacic acid accounted for since the breakout (i.e., during Aug. 1997-Jan. 1999).</p> <p>Source: <i>Staff Report of June 17, 1994</i>, p. I-44 for 1991-93 data (which were from questionnaire responses); 1997-98 imports are from official Commerce statistics, except where noted (values are landed, duty paid, but do not include any antidumping duty).</p>					

from “other” sources were over twice the highest level during the original investigation and amounted to 30 percent and 43 percent, respectively, of total imports in 1997 and 1998.³⁷

Union Camp imported sebacic acid during the original investigation, but reportedly no longer does so.³⁸ Union Camp’s imports of sebacic acid are shown in the following tabulation (in 1,000 pounds):

³⁷ According to the *Directory of Chemical Producers, 1999 SRI International* obtained online from Dialog (<http://www.dialogweb.com>), there is one producer of sebacic acid in Brazil (Ricinoquimica do Nordeste S/A), Japan (Hokoku Corp.), and the United Kingdom (Ciba Specialty Chemicals PLC). Additionally, Jayant Oil Mills Group reportedly produces sebacic acid in Bombay, India according to *Jayant Oil Mills: Plant Locations & Offices* obtained online at <http://www.lgr.lv/jayant/location.htm>. According to official Commerce statistics, there have been no imports of sebacic acid reported from Brazil since the original investigation, and there were no imports from India until 103,464 pounds were imported in 1998.

³⁸ *Response of Union Camp*, p. 8.

	<u>1991</u> ¹	<u>1992</u> ¹	<u>1993</u> ¹	<u>1997</u>	<u>1998</u>
China	***	***	***	(2)	(2)
Other sources	***	***	***	(2)	(2)
Total	***	***	***	(2)	(2)

¹ *Staff Report of June 17, 1994*, p. I-24.

² Union Camp reported that it no longer imports sebacic acid, but provided no information as to when it ceased such importation.

Apparent U.S. Open-Market Consumption

Apparent U.S. consumption presented in the original investigation was based on Union Camp's U.S. shipments and U.S. shipments of imports.³⁹ In this review investigation, Union Camp's U.S. shipments, which comprise internal consumption/company transfers as well as domestic open-market shipments, are not available; however the quantity of Union Camp's domestic open-market shipments is available. Because there was no response to the Commission's notice of institution by importers, there are no U.S. shipment data available for imported sebacic acid.

Apparent U.S. open-market consumption, based on U.S. imports⁴⁰ and Union Camp's domestic open-market shipments,⁴¹ was calculated for both the 1991-93 period of the original investigation and 1997; these data are presented in table I-3. The quantity of apparent U.S. open-market consumption increased in 1992 and decreased in 1993; in 1997, apparent U.S. open-market consumption exceeded that in 1991 and 1993, but was *** less than in 1992.

Union Camp's domestic open-market shipments and market share declined during 1991-93 and were greater in 1997 than they had been in any year during the 1991-93 period.⁴² The quantity of imports from China increased between 1991 and 1993 and so did China's market shares; in 1997, the volume and market share accounted for by Chinese sebacic acid was less than *** what they had been in 1993. Imports from other sources accounted for *** percent or less of the U.S. market quantity during 1991-93; in 1997 these other-source imports had increased in both volume and market share so that they stood at more than *** their 1992 level and about *** larger than they had been in 1993.

³⁹ *Staff Report of June 17, 1994*, p. I-13.

⁴⁰ The biggest discrepancy between U.S. imports and U.S. shipments of imports is the building up or working down of inventories. Inventories of imported sebacic acid increased in 1992 and then decreased in 1993. *Staff Report of June 17, 1994*, pp. I-37-38. Therefore, apparent consumption based on imports instead of U.S. shipments of imports, with everything else remaining constant, would exhibit a higher import market share in 1992 (which includes inventories building up) and a lower import market share in 1993 (since the working down of the inventories has no impact on the presented consumption). Union Camp was an importer of sebacic acid during the original investigation and accounted for *** inventories. Union Camp's end-of-year inventories of Chinese sebacic acid ***. *Ibid.* Therefore, Union Camp is ***.

⁴¹ If Union Camp's internal consumption/company transfers maintained a constant proportion of its U.S. shipments, Union Camp's share of U.S. open-market consumption (which excludes Union Camp's internal consumption) would retain the same trends as U.S. consumption (which includes internal consumption). However, Union Camp's internal consumption/company transfers ***. *Staff Report of June 17, 1994*, p. I-12. Therefore, everything else remaining constant, Union Camp's share of U.S. open-market consumption would exhibit *** in the shares of consumption accounted for by Union Camp during 1991-93 than would Union Camp's share of U.S. consumption.

⁴² As previously mentioned, Union Camp imported sebacic acid during the original investigation. Union Camp's total share (including its imports) of the quantity of U.S. open-market consumption *** from *** percent in 1991 to *** percent in 1992 and *** percent in 1993. It is unknown whether Union Camp had any imports in 1997, but since it reported in its January 20, 1999, *Response* that it no longer imports, presumably its total share of 1997 U.S. consumption would be at or near *** percent.

Table I-3 Sebacic acid: U.S. producer's domestic open-market shipments, U.S. imports, and apparent U.S. open-market consumption, 1991-93 and 1997				
Item	1991	1992	1993	1997
Quantity (1,000 pounds)				
U.S. producer's open-market shipments	***	***	***	***
U.S. imports: China	4,351	5,159	5,031	2,388
Other sources	53	474	232	1,030
Total	4,404	5,633	5,263	3,418
Apparent U.S. open-market consumption	***	***	***	***
Share of the quantity of consumption (percent)				
U.S. producers's open-market shipments	***	***	***	***
U.S. imports: China	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Source: <i>Staff Report of June 17, 1994</i> , pp. I-23 and I-44 for 1991-93 data (which were from questionnaire responses); 1997 imports are estimated by Commission staff from official Commerce statistics; and 1997 producer's domestic open-market shipments are from <i>Response</i> by Union Camp, exhibit 5.				

THE INDUSTRY IN CHINA

During January 1, 1993 - June 30, 1993, the period of Commerce's original investigation, Commerce investigated sales of sebacic acid by four export companies, Sinochem International, Sinochem Jiangsu, Guangdong I&E, and Tianjin I&E. During the Commission's original investigation, there were reportedly 14 firms in China producing sebacic acid. Capacity and shipment data obtained during the original investigation and during this review are presented in table I-4.⁴³

China's exports of sebacic acid increased only 12 percent between 1991 and 1993, but in 1997 and 1998 exports were 61 percent and 83 percent, respectively, above the 1993 export level (and were 23 percent and 39 percent, respectively, greater than the level of total shipments in 1993). Home market shipments increased throughout the 1991-93 period of the original investigation; although there have been no data on home market shipments obtained during this review, they were expected to continue to increase because of

⁴³ Three of the 14 Chinese plants, ***, accounted for *** percent of capacity in 1993. *Staff Report of June 17, 1994*, pp. I-40 and I-41. According to the *Directory of Chemical Producers, 1999 SRI International* obtained online from Dialog (<http://www.dialogweb.com>), there are 12 sebacic producers in China (Datong County Local, Handan, Hunan Shaoyang, Kaifeng No. 3, Kezozhongqi Baolongshan, Puyang Zhongyuan, Shaanxi Xingping, Shanghai Pacific, Shenyang, Tianjin Zhonghe, Tongliao, and Weifang). In addition to these firms, Union Camp reported that Bai Cheng, Chunghoi, Handan Fuyang, Hengshui Dongfeng, and Shanxi Wenshui also produce sebacic acid. Unless there is a problem with dual counting because of nomenclature, it would appear that there may be 18 firms currently producing sebacic acid in China.

Table I-4 Sebacic acid: China's capacity and shipments, 1991-93 and 1997-98					
Item	1991	1992	1993	1997	1998
Quantity (1,000 pounds)					
Capacity	22,487	22,707	23,589	(1)	(1)
Shipments:					
Home market	3,417	4,043	5,540	(2)	(2)
Exports:					
United States	3,631	4,453	4,676	2,447	2,448
Other	12,004	10,562	12,888	25,884	29,640
Total exports	15,635	15,016	17,564	28,331	32,088
Total shipments	19,052	19,059	23,104	(3)	(3)
<p>¹ Not available. However, in 1993, three plants, ***, accounted for *** percent of capacity, or *** million pounds; these firms are reportedly still producing sebacic acid today. Currently, Hengshui Dongfeng claims that it is the biggest producer of sebacic acid in China, with 17.6 million pounds (8,000 metric tons) and Shenyang was proposing to expand its production of sebacic acid from 2.6 million pounds to at least 6.6 million pounds. <i>Response</i> by Union Camp, exhibits 8 and 9 reproducing documents obtained from the internet (http://www.china-hshui.com/homepage/dongfeng-chemical.html and http://www.sv.cei.gov.cn/xm6e.htm). Union Camp believes that Chunghoi, located in Xandong, has the capacity to produce about 6.6 million pounds of sebacic acid. <i>Response</i> by Union Camp, p. 10. These three plants, (Chunghoi, Hengshui Dongfeng, and Shenyang) reportedly currently account for about 26.8 million pounds, over 10 percent greater than the entire Chinese 1993 sebacic acid capacity. If the capacities for *** have not changed since 1993, the capacity of these plants plus the three plants discussed above (Chunghoi, Hengshui Dongfeng, and Shenyang) would equal about *** million pounds--and would represent only one-third (albeit probably the largest) of the 18 firms believed to be producing sebacic acid in China.</p> <p>² Not available. However, according to testimony by Mr. Fei Wang of Tianjin I&E at the Commission's hearing in the original investigation, there was expected to be a substantial increase in domestic demand for sebacic acid because of a major expansion in the plasticizer, nylon 10/10, and lubricants industry in China. <i>Staff Report of June 17, 1994</i>, p. I-40.</p> <p>³ Not available.</p>					
Note.--Because of rounding, figures may not add to the totals shown.					
Source: <i>Staff Report of June 17, 1994</i> , p. I-40 for 1991-93 data (which were provided by counsel for the Chinese Chamber of Commerce for Metals, Minerals, and Chemicals), and the <i>World Trade Atlas</i> for 1997-98 exports.					

increased demand in China for plasticizers, nylon 10/10, and lubricants. Capacity in China to produce sebacic acid increased only slightly during 1991-93; although there are no more recent country-wide capacity data available, it is expected to have increased considerably by 1997-98 to supply the increases that were expected in home market shipments and the known increases in export shipments.

APPENDIX A
FEDERAL REGISTER NOTICES

statements will be available from the Office of the Secretary and at the Commission's web site.

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: March 8, 1999.

Donna R. Koehnke,
Secretary.

[FR Doc. 99-6160 Filed 3-11-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-653 (Review)]

Sebacic Acid From China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of an expedited five-year review concerning the antidumping duty order on sebacic acid from China.

SUMMARY: The Commission hereby gives notice of the scheduling of an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(3)) (the Act) to determine whether revocation of the antidumping duty order on sebacic acid from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. 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). Recent amendments to the Rules of Practice and Procedure pertinent to five-year reviews, including the text of subpart F of part 207, are published at 63 FR 30599, June 5, 1998, and may be downloaded from the Commission's World Wide Web site at <http://www.usitc.gov/rules.htm>.

EFFECTIVE DATE: March 5, 1999.

FOR FURTHER INFORMATION CONTACT: Bonnie Noreen (202-205-3167), 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>).

SUPPLEMENTARY INFORMATION:

Background

On March 5, 1999, the Commission determined that the domestic interested party group response to its notice of institution (63 FR 66567, Dec. 2, 1998) of the subject five-year review was adequate and that the respondent interested party group response was inadequate. The Commission did not find any other circumstances that would warrant conducting a full review.¹ Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.

Staff Report

A staff report containing information concerning the subject matter of the review will be placed in the nonpublic record on April 9, 1999, and made available to persons on the Administrative Protective Order service list for this review. A public version will be issued thereafter, pursuant to section 207.62(d)(4) of the Commission's rules.

Written Submissions

As provided in section 207.62(d) of the Commission's rules, interested parties that are parties to the review and that have provided individually adequate responses to the notice of institution,² and any party other than an interested party to the review may file written comments with the Secretary on what determination the Commission should reach in the review. Comments are due on or before April 14, 1999, and may not contain new factual information. Any person that is neither a party to the five-year review nor an interested party may submit a brief written statement (which shall not contain any new factual information) pertinent to the review by April 14, 1999. If comments contain business proprietary information (BPI), they must 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

¹ 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.

² The Commission has found the response submitted by Union Camp Corp. to be individually adequate. Comments from other interested parties will not be accepted (see 19 CFR 207.62(d)(2)).

submissions with the Secretary by facsimile or electronic means.

In accordance with sections 201.16(c) and 207.3 of the 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.

Determination

The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. § 1675(c)(5)(B).

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: March 9, 1999.

Donna R. Koehnke,
Secretary.

[FR Doc. 99-6161 Filed 3-11-99; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-362]

U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy

AGENCY: United States International Trade Commission.

ACTION: Notice of opportunity to submit comments in connection with fifth annual report.

EFFECTIVE DATE: March 8, 1999.

SUMMARY: Following receipt on March 31, 1995, of a letter from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-362, U.S.-Africa Trade Flows and Effects of the Uruguay Round Agreements and U.S. Trade and Development Policy (60 F.R. 24884). The USTR letter requested that the Commission prepare its first annual report under this investigation not later than November 15, 1995, and provide annually thereafter for a total of five years. Following receipt on June 11, 1996, of a letter from USTR providing instruction for additional reports, the Commission submitted the second annual report on October 4, 1996 (USITC publication 3000), the third on October 31, 1997 (USITC publication 3067), and the fourth report on October

128.94 percent margin assigned to Chinese exporters in the 1989 administrative review again permitted dramatic increases in Chinese imports of the subject merchandise and the virtual recapture of the Chinese percentage of the U.S. potassium permanganate market.

Therefore, Carus argues, the margin determined in the original investigation does not reflect current Chinese pricing behavior or present levels of globally-traded input prices. In addition, Carus argues the changes in the methodology used by the Department in the calculation of margins renders the margin from the original investigation suspect.

The Department agrees with Carus' argument concerning the choice of the margin rate to report to the Commission. An examination of the margin history of the order as well as an examination of import statistics of the subject merchandise, as provided in U.S. Census Bureau IM146 reports, confirms the scenario outlined by Carus. From 1984, the date the first margins were established for this proceeding (49 FR 3897, January 31, 1984), to 1990, import volumes of the subject merchandise swelled, increasing by almost 600 percent. During this period, a cash deposit rate of 39.64 percent was in effect. In 1991, in an administrative review requested by Carus, the Department established a new deposit rate of 128.94 percent for producers of the subject merchandise from the PRC and for certain named third country resellers (56 FR 19640, April 29, 1991). Import volumes fell substantially in 1991, by almost 70 percent, but then rebounded by 1993, the year immediately preceding the final results of the 1990 administrative review (59 FR 26625, May 23, 1994). In May of 1994, in the Final Results of the 1990 administrative review, the Department established a rate of 128.94 percent for all potassium permanganate of Chinese origin, whether shipped directly from the PRC or transshipped through a third country reseller. Following the establishment of this more inclusive margin rate, shipments of potassium permanganate fell dramatically, and have not exceeded 50,000 lbs. in any year since 1996.

The Department believes that the increase in import volumes and market share between the imposition of the order and the Final Results in the 1989 administrative review (56 FR 19640, April 29, 1991) reflect the willingness and ability of Chinese producers/exporters to dump this product despite the margin rate established by the Department in the original investigation.

Furthermore, the continuation of dumping and the virtual recapture of market share between the final results in the 1989 review and those in the 1990 review reflects attempts by Chinese producers/exporters to circumvent the order by transshipping the subject merchandise through third country resellers with lower deposit rates. This is evidenced by the dramatic reduction in import volumes following the 1990 administrative review (59 FR 26625, May 23, 1994) in which a single rate was established for all potassium permanganate of Chinese origin, regardless of the interim shipping location, absent a showing that either the Chinese exporter was entitled to a separate rate or the third country reseller was not merely engaged in transshipment. This more inclusive margin determination has apparently reduced the ability of Chinese producers/exporters to circumvent the order.

According to the *Sunset Policy Bulletin*, "a company may choose to increase dumping in order to maintain or increase market share. As a result, increasing margins may be more representative of a company's behavior in the absence of an order." Therefore, the Department finds that this most recent rate is the most probative of the behavior of Chinese producers/exporters of potassium permanganate if the order were revoked. As a result, the Department is not addressing current Chinese pricing behavior or changes in methodologies used by the Department in its margin calculations. The Department will report to the Commission the country-wide rate from the administrative review for the period January 1, 1990 through December 31, 1990 (59 FR 26625, May 23, 1994) as contained in the Final Results of Review section of this notice.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping order would likely lead to continuation or recurrence of dumping at the margins listed below:

Manufacturer/exporter	Margin (percent)
Country-wide rate for the People's Republic of China	128.94

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the

Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: April 1, 1999.

Robert S. LaRussa

Assistant Secretary for Import Administration.

[FR Doc. 99-8624 Filed 4-6-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-825]

Final Results of Expedited Sunset Review: Sebacic Acid from the People's Republic of China

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

ACTION: Notice of Final Results of Expedited Sunset Review: Sebacic Acid from the People's Republic of China.

SUMMARY: On December 2, 1998, the Department of Commerce ("the Department") initiated a sunset review of the antidumping order on sebacic acid from the People's Republic of China (63 FR 66527) pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and substantive comments filed on behalf of the domestic industry and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited review. As a result of this review, the Department finds that revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping at the levels indicated in the Final Results of Review section of this notice.

FOR FURTHER INFORMATION CONTACT: Scott E. Smith or Melissa G. Skinner, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482-6397 or (202) 482-1560, respectively.

EFFECTIVE DATE: April 7, 1999.

Statute and Regulations A-4

This review was conducted pursuant to sections 751(c) and 752 of the Act.

The Department's procedures for the conduct of sunset reviews are set forth in *Procedures for Conducting Five-year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders*, 63 FR 13516 (March 20, 1998) ("*Sunset Regulations*"). 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) ("*Sunset Policy Bulletin*").

Scope

The merchandise subject to this antidumping order is sebacic acid (all grades), a dicarboxylic acid with the formula $(\text{CH}_2)_8(\text{COOH})_2$, which include but are not limited to CP Grade (500ppm maximum ash, 25 maximum APHA color), Purified Grade (1000ppm maximum ash, 50 maximum APHA color), and Nylon Grade (500ppm maximum ash, 70 maximum ICV color). The principal difference between the grades is the quantity of ash and color. Sebacic acid contains a minimum of 85 percent dibasic acids of which the predominant species is the C_{10} dibasic acid. Sebacic acid is sold generally as a free-flowing powder/flake.

Sebacic acid has numerous industrial uses, including the production of nylon 6/10 (a polymer used for paintbrush and toothbrush bristles and paper machine felts), plasticizers, esters, automotive coolants, polyamides, polyester castings and films, inks and adhesives, lubricants, and polyurethane castings and coatings.

Sebacic acid is currently classifiable under subheading 2917.13.00.30 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS item number is provided for convenience and U.S. Customs purposes. The written product description of the scope of this order remains dispositive.

This review covers imports from all manufacturers and exporters of Chinese sebacic acid.

Background

On December 2, 1998, the Department initiated a sunset review of the antidumping order on sebacic acid from the People's Republic of China (63 FR 66527), pursuant to section 751(c) of the Act. The Department received a Notice of Intent to Participate on behalf of Union Camp Corporation ("Union Camp") on December 8, 1998, within the deadline specified in section

351.218(d)(1)(i) of the *Sunset Regulations*. Union Camp claimed interested party status under 19 U.S.C. 1677(9)(C) as a domestic producer of sebacic acid. In addition, Union Camp indicated that it is the sole domestic producer of sebacic acid and was the original petitioner in the underlying investigation. We received a complete substantive response from Union Camp on January 4, 1999, within the 30-day deadline specified in the *Sunset Regulations* under section 351.218(d)(3)(i). We did not receive a substantive response from any respondent interested party to this proceeding. As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C), the Department determined to conduct an expedited, 120-day, review of this order.

Determination

In accordance with section 751(c)(1) of the Act, the Department conducted this review to determine whether revocation of the antidumping order would be likely to lead to continuation or recurrence of dumping. Section 752(c) of the Act provides that, in making this determination, the Department shall consider the weighted-average dumping margins determined in the investigation and subsequent reviews and the volume of imports of the subject merchandise for the period before and the period after the issuance of the antidumping order, and shall provide to the International Trade Commission ("the Commission") the magnitude of the margin of dumping likely to prevail if the order is revoked.

The Department's determinations concerning continuation or recurrence of dumping and the magnitude of the margin are discussed below. In addition, parties' comments with respect to continuation or recurrence of dumping and the magnitude of the margin are addressed within the respective sections below.

Continuation or Recurrence of Dumping

Drawing on the guidance provided in the legislative history accompanying the Uruguay Round Agreements Act ("URAA"), specifically the Statement of Administrative Action ("the SAA"), H.R. Doc. No. 103-316, vol. 1 (1994), the House Report, H.R. Rep. No. 103-826, pt.1 (1994), and the Senate Report, S. Rep. No. 103-412 (1994), the Department issued its *Sunset Policy Bulletin* providing guidance on methodological and analytical issues, including the bases for likelihood determinations. In its *Sunset Policy Bulletin*, the Department indicated that determinations of likelihood will be

made on an order-wide basis (see section II.A.3). In addition, the Department indicated that normally it will determine that revocation of an antidumping order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of the order and import volumes for the subject merchandise declined significantly (see section II.A.3).

In addition to guidance on likelihood provided in the *Sunset Policy Bulletin* and legislative history, section 751(c)(4)(B) of the Act provides that the Department shall determine that revocation of an order is likely to lead to continuation or recurrence of dumping where a respondent interested party waives its participation in the sunset review. In the instant review, the Department did not receive a response from any respondent interested party. Pursuant to section 351.218(d)(2)(iii) of the *Sunset Regulations*, this constitutes a waiver of participation.

The antidumping duty order on sebacic acid from the People's Republic of China was published in the **Federal Register** on July 14, 1994 (59 FR 35909). Since this time, the Department has conducted three administrative reviews.¹ The order remains in effect for all manufacturers and exporters of the subject merchandise.

In its substantive response, Union Camp argues that revocation of the order will likely lead to increased imports of sebacic acid from the PRC at dumped prices (see January 4, 1999 Substantive Response of Union Camp at 3). With respect to whether dumping continued at any level above *de minimis* after the issuance of the order, Union Camp states that for each of the participating companies, dumping has continued after the issuance of the order (see January 4, 1999 Substantive Response of Union Camp at 4). Union Camp notes that during the first and second administrative reviews, Tianjin Chemicals Import & Export Corp.'s dumping margin was zero and, during the third administrative review, SINOChem International Chemical Co.'s dumping margin was *de minimis*.

¹ See *Sebacic Acid from The People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 10530 (March 7, 1997); *Sebacic Acid from The People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 62 FR 65674 (December 15, 1997); and *Sebacic Acid from The People's Republic of China; Final Results of Antidumping Duty Administrative Review*, 63 FR 43373 (August 13, 1998).

Union Camp argues, however, as stated in the *Sunset Policy Bulletin*, that a zero or *de minimis* margin, in itself, will not require the Department to determine that continuation or recurrence is not likely.

In addition, Union Camp asserts that Chinese sebacic acid is being dumped in the European market. By comparing Union Camp's current selling price in the European Union to the Chinese selling price (based on information received from Union Camp's European customers and publicly quoted unit prices), Union Camp believes that sebacic acid of Chinese origin is being dumped in Europe. Furthermore, Union Camp asserts that this fact suggests that if the U.S. dumping order on Chinese sebacic acid were revoked, Chinese exporters of sebacic acid would likely reduce their sales prices and increase their dumping in the U.S.

With respect to whether imports of the subject merchandise ceased after the issuance of the order, Union Camp, citing Commerce IM145 reports, argues that imports of Chinese sebacic acid dropped significantly with the imposition of dumping duties under the order in 1994 and continued to decline in 1995. Union Camp notes that, during 1996 and 1997, imports of the subject merchandise increased slightly, however, it asserts this increase can most likely be attributed to an increase in the domestic consumption of sebacic acid beginning in 1995.

In conclusion, Union Camp argued that the Department should determine that there is a likelihood that dumping would continue were the order revoked because (1) dumping margins have existed for most known exporters of the subject merchandise during the entire life of the order, (2) it believes that Chinese sebacic acid is being dumped in Europe and (3) shipments of subject merchandise have also continued throughout the life of the order and this suggests that, if the U.S. order were revoked, dumping of subject merchandise would increase in the U.S.

As discussed in Section II.A.3 of the *Sunset Policy Bulletin*, the SAA at 890, and the House Report at 63-64, if companies continue dumping with the discipline of an order in place, the Department may reasonably infer that dumping would continue if the discipline were removed. Although two of the four known Chinese producers have, at various times over the life of the order, received zero or *de minimis* margins, none has consistently eliminated dumping while increasing or maintaining market share. Dumping margins above *de minimis* levels continue to exist for shipments of the

subject merchandise from three of the four known Chinese producers.²

Consistent with section 752(c) of the Act, the Department also considered the volume of imports before and after issuance of the order. The import statistics provided by Union Camp, and confirmed by the Department, on imports of the subject merchandise between 1992 and 1997, demonstrate that, while imports of the subject merchandise fell sharply after the imposition of the order, they continue.

Based on this analysis, the Department finds that the existence of dumping margins after the issuance of the order is highly probative of the likelihood of continuation or recurrence of dumping. Deposit rates above a *de minimis* level continue in effect for exports of the subject merchandise by three of the four known Chinese manufacturers/exporters. Therefore, given that dumping has continued over the life of the order, respondent interested parties have waived their right to participate in this review before the Department and, absent argument and evidence to the contrary, the Department determines that dumping is likely to continue if the order were revoked.

Because the Department based this determination on the continued existence of margins above *de minimis*, the continuation of dumped imports and respondent interested parties' waiver of participation, it is not necessary to address Union Camp's arguments concerning possible dumping of Chinese sebacic acid in Europe.

Magnitude of the Margin

In the *Sunset Policy Bulletin*, the Department stated that it will normally provide to the Commission the margin that was determined in the final determination in the original investigation. Further, for companies not specifically investigated or for companies that did not begin shipping until after the order was issued, the Department normally will provide a margin based on the "all others" rate from the investigation. (See section II.B.1 of the *Sunset Policy Bulletin*.) Exceptions to this policy include the use of a more recently calculated margin, where appropriate, and consideration of duty absorption determinations. (See sections II.B.2 and 3 of the *Sunset Policy Bulletin*.)

The Department, in its final determination of sales at less than fair

value, published weighted-average dumping margins for four Chinese producers/exporters of the subject merchandise ranging from 82.66 percent to 243.40 percent (59 FR 28053, May 31, 1994).³ The Department also published an "all others" rate in this final determination.⁴ We note that, to date, the Department has not issued any duty absorption findings in this case.

In its substantive response, citing the *Sunset Policy Bulletin*, Union Camp states that the Department normally will provide the Commission with the dumping margins "from the investigation, because that is the only calculated rate that reflects the behavior of exporters . . . without the discipline of the order . . . in place." Union Camp argues that the Department, consistent with the *Sunset Policy Bulletin*, should provide the Commission with the final margins from the original investigation as the magnitude of dumping margin likely to prevail if the order were revoked (see January 4, 1999 Substantive Response of Union Camp at 7).

The Department agrees with Union Camp's argument concerning the choice of the margin rate to report to the Commission. An examination of the margin history of the order as well as an examination of import statistics of the subject merchandise, as provided in U.S. Department of Commerce Trade Statistics data, confirms that imports of the subject merchandise continue to exist.

Our review of the margin history over the life of the order demonstrates that there have been fluctuations in the margins for some producers/exporters of the subject merchandise. The Department, however, does not view these fluctuations as demonstrating a consistent pattern of behavior. Therefore, in accordance with the *Sunset Policy Bulletin* and absent an argument that a more recently

³ Pursuant to court remand, several of the company-specific margins were changed (see *Final Results of Redetermination Pursuant to Court Remand, Union Camp Corporation v. United States, Consol. Court No. 94-08-00480, Slip Op. 96-123 (August 5, 1996)*).

⁴ The Department actually published a "PRC country-wide rate" and defined this as the rate that applies to all PRC companies not specifically listed in the *Federal Register* notice (see *Notice of Final Determination of Sales at Less Than Fair Value: Sebacic Acid from The People's Republic of The People's Republic of China*, 59 FR 28053 (May 31, 1994)). This definition indicates that the "PRC country-wide rate", in this case, is the same as the "all others" rate normally identified by the Department. In addition, pursuant to court remand, this "all others" rate was changed (see *Final Results of Redetermination Pursuant to Court Remand, Union Camp Corporation v. United States, Consol. Court No. 94-08-00480, Slip Op. 96-123 (August 5, 1996)*).

² See *Sebacic Acid from The People's Republic of China; Final Results of Antidumping Duty Administrative Review*, August 13, 1998 (63 FR 43373).

calculated margin is more indicative of the margin likely to prevail if the order were revoked, we determine that the original margins calculated in the Department's original investigation are probative of the behavior of Chinese producers and exporters of sebacic acid if the order were revoked. We will report to the Commission the company-specific and all others rates contained in the Final Results of Review section of this notice.

Final Results of Review

As a result of this review, the Department finds that revocation of the antidumping order would likely lead to continuation or recurrence of dumping at the margins listed below:⁵

Manufacturer/exporter	Margin (percent)
SINOCHEM Jiangsu Import & Export Corp	141.97
Tianjin Chemical Import & Export Corp	118.00
SINOCHEM International Chemical Co	82.66
Guangdong Chemical Import & Export Corp	102.99
All Others	243.40

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year ("sunset") review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: April 1, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99-8622 Filed 4-6-99; 8:45 am]

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⁵ The margins in this section of the notice reflect the changes to the original margins pursuant to court remand (see *Final Results of Redetermination Pursuant to Court Remand, Union Camp Corporation v. United States, Consol. Court No. 94-08-00480, Slip Op. 96-123 (August 5, 1996)*).

DEPARTMENT OF COMMERCE

International Trade Administration

University of Michigan; Notice of Decision on Application for Duty-Free Entry of Scientific Instrument

This is a decision pursuant to Section 6(c) of the Educational, Scientific, and Cultural Materials Importation Act of 1966 (Pub. L. 89-651, 80 Stat. 897; 15 CFR part 301). Related records can be viewed between 8:30 A.M. and 5:00 P.M. in Room 4211, U.S. Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C.

Docket Number: 99-001. **Applicant:** The Regents of the University of Michigan, Ann Arbor, MI 48109-0602. **Instrument:** Electron Microscope, Model H-7500. **Manufacturer:** Hitachi Scientific Instruments, Japan. **Intended Use:** See notice at 64 FR 9981, March 1, 1999. Order Date: April 23, 1998.

Comments: None received. **Decision:** Approved. No instrument of equivalent scientific value to the foreign instrument, for such purposes as the instrument is intended to be used, was being manufactured in the United States at the time the instrument was ordered. **Reasons:** The foreign instrument is a conventional transmission electron microscope (CTEM) and is intended for research or scientific educational uses requiring a CTEM. We know of no CTEM, or any other instrument suited to these purposes, which was being manufactured in the United States at the time of order of the instrument.

Frank W. Creel,

Director, Statutory Import Programs Staff.

[FR Doc. 99-8619 Filed 4-6-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

Application for Duty-Free Entry of Scientific Instrument

Pursuant to Section 6(c) of the Educational, Scientific and Cultural Materials Importation Act of 1966 (Pub. L. 89-651; 80 Stat. 897; 15 CFR part 301), we invite comments on the question of whether an instrument of equivalent scientific value, for the purposes for which the instrument shown below is intended to be used, is being manufactured in the United States.

Comments must comply with 15 CFR 301.5(a)(3) and (4) of the regulations and be filed within 20 days with the Statutory Import Programs Staff, U.S. Department of Commerce, Washington,

D.C. 20230. Application may be examined between 8:30 A.M. and 5:00 P.M. in Room 4211, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C.

Docket Number: 99-003. **Applicant:** Louisiana State University, Mechanical Engineering Department, Nicholson Ext., Baton Rouge, LA 70803.

Instrument: Electron Microscope, Model JEM-2010. **Manufacturer:** JEOL Ltd., Japan. **Intended Use:** The instrument will be used extensively in the study of microstructures, surfaces, and the structural and compositional characteristics of materials. The research areas of interest include but are not limited to the following: (1) fundamental issues of stress corrosion cracking phenomena and specifically directed toward understanding the nature of the embrittlement mechanism, (2) surface modification processes and more specifically with the processing-microstructure-property relationship of modified surfaces and thin films, (3) exploring the possibility to grow thick amorphous alloy layers by solid-state interdiffusion reactions in diffusion couples assisted by bombardment of energetic particles (plasma or ion beam), (4) understanding how and why solid-state alloying and amorphization can be achieved in some binary systems with relatively large positive heat of mixing (i.e., systems immiscible in equilibrium) and (5) studying the consolidation and properties of nanocrystalline metals, oxides and noncomposites. Application accepted by Commissioner of Customs: March 19, 1999.

Frank W. Creel,

Director, Statutory Import Programs Staff.

[FR Doc. 99-8620 Filed 4-6-99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

Request for Comments on the Asian Pacific Economic Cooperation (APEC) Electronic Commerce Steering Group Work Plan

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of request for public comment.

SUMMARY: The Department of Commerce/International Trade Administration (DOC/ITA) seeks comment on the APEC Electronic Commerce Steering Group work program.

A-7

DATES: Comments are due no later than April 21, 1999.

APPENDIX B
STATEMENT ON ADEQUACY

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Sebacic Acid from China, Inv. No. 731-TA-653 (Review)

On March 5, 1999, the Commission determined that it should proceed to an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Act, 19 U.S.C. § 1675(c)(3)(B). The Commission determined that the domestic interested party group response was adequate. In this regard, the Commission received a response from the sole domestic producer of sebacic acid. Because the Commission did not receive a response from any respondent interested party, the Commission determined that the respondent interested party group response was inadequate. The Commission did not find any circumstances that would warrant conducting a full review. The Commission therefore determined to conduct an expedited review.

