Sebacic Acid From China

Investigation No. 731-TA-653 (Second Review)

Publication 3775 **May 2005**

U.S. International Trade Commission

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U.S. International Trade Commission

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-653 (Second Review)

SEBACIC ACID FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty order on sebacic acid from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on April 1, 2004 (69 FR 17233) and determined on July 6, 2004 that it would conduct a full review (69 FR 45075, July 28, 2004). Notice of the scheduling of the Commission's review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on July 28, 2004 (69 FR 45075). Notice of cancellation of the public hearing scheduled in connection with this review was published in the *Federal Register* on December 7, 2004 (69 FR 70705). Notice of the revised scheduling of the review was published in the *Federal Register* on January 28, 2005 (70 FR 4150).

[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 on sebacic acid from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

This review presents unusual circumstances. Since the petition was filed in 1993, there has been generally one domestic producer of sebacic acid in production at any one time. Since 1999, there has been a succession of sole U.S. producers that have entered and exited the market. There has been no domestic production of sebacic acid since *** 2004.

Sebacic acid is a chemical compound primarily derived from castor oil with two primary uses: (1) as a reactant with other chemicals to produce distinct chemical compounds or polymers;[1] or (2) directly in formulated products such as antifreeze coolants, and as a corrosion inhibitor in cutting and metal working fluids.[2]

A. Commission Proceedings and the Domestic Industry from 1991 to 2004.

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.[3] On July 14, 1994, Commerce issued an antidumping duty order on imports of sebacic acid from China.[4] At that time, Union Camp, the petitioner in the original investigation, was the sole domestic producer of sebacic acid.[5] Union Camp's capacity to produce sebacic acid was *** pounds in 1991, *** pounds in 1992, and *** pounds in 1993.[6] It produced sebacic acid from castor oil in a batch caustic fusion process.[7]

In April 1999, the Commission completed its first five-year review of the order, which was an expedited review. Based on the record before it, the Commission determined that revocation of the order would be likely to lead to the continuation or recurrence of material injury.[8] Union Camp was still the sole domestic producer of sebacic acid during the first review. Union Camp's production capacity at its Dover, Ohio plant ranged from *** pounds in 1998 to *** pounds in 1999, a range roughly equivalent to

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[1] "Polymerization" is a chemical reaction in which two or more small molecules combine to form larger molecules that contain repeating structural units of the original smaller molecules. Confidential Staff Report ("CR") (Memorandum INV-CC-003, January 7, 2005) at I-12, n.18; Public Staff Report ("PR") at I-8, n.18.

[2] CR at I-11-13; PR at I-7-9.

[3] Sebacic Acid from China, Inv. No. 731-TA-653 (Final), USITC Pub. 2793, July 1994 (hereinafter "Original Determination") at I-3.

[4] 59 FR 35909 (July 14, 1994).

[5] Original Determination at I-4.

[6] Original Determination at I-8.

[7] CR at I-14; PR at I-9.

[8] Sebacic Acid from China, Inv. No. 731-TA-653 (Review), USITC Pub. 3189 (April 1999) ("First Review") at 1.

capacity in the original investigation.[9] The domestic industry has changed dramatically since the first review, with several domestic producers entering and then exiting the market. In May 1999, Arizona Chemical Corporation ("Arizona") succeeded Union Camp as the sole domestic producer of sebacic acid.[10] After the plant was conveyed to Arizona, it continued to produce ***.[11]

In 2002, Arizona shut down the Dover, Ohio plant. Arizona reported to the Commission that ***.[12] Arizona ceased production of sebacic acid in December 2002, but continued to sell sebacic acid from inventory through all of 2003.[13] Arizona also ***.[14] It no longer has any employees, facilities, or resources in place for the production, sale, or marketing of domestic sebacic acid.[15] Arizona is currently an importer of sebacic acid and opposes the continuation of the order.[16]

SST Materials, Inc. d/b/a Genesis Chemicals, Inc. ("Genesis") entered the sebacic acid business in April 2001, *** until December 2002, when it began to produce *** sebacic acid at a facility in Loveland, Ohio.[17] For the next two years, Genesis was the sole U.S. producer of sebacic acid.[18] Its production capacity is *** pounds, *** than the capacity of the prior sole U.S. producer.[19] Genesis' production process ***. Genesis ***. Genesis estimates that this process accounts for *** of the overall production cost to produce sebacic acid ***.[20] According to company officials, Genesis ceased production in *** 2004 because of an inability to compete with lower priced sebacic acid imported from China.[21]

Another firm, CasChem, Inc. ("CasChem"), invested $*** in a sebacic acid production facility in the late 1990s, but ***. According to a company official, CasChem's production process was ***.[22]

B. The Second Five-Year Review.

The Commission instituted this second five-year review in 2004, and issued its explanation on adequacy. In the second half of 2004, against a backdrop of related concurrent administrative and changed circumstances reviews at Commerce, the Commission conducted its review, but postponed its January 2005 vote in order to assess the results of Commerce's related reviews. Subsequent to the

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[9] CR/PR at Table I-1.

[10] Arizona is a wholly owned subsidiary of International Paper Company ("IP"). IP acquired Union Camp and conveyed its chemical business and related assets to Arizona. Arizona Response to Notice of Institution at 1.

[11] Arizona Producer Questionnaire at 23.

[12] Arizona Response to Commission Questions II-1, December 15, 2004.

[13] CR at I-22; PR at I-13. Since these sales occurred during the period examined for the purpose of this review, they are included in the data.

[14] CR at I-22; PR at I-13.

[15] *Id*.

[16] CR at I-22; PR at I-13.

[17] CR at I-23; PR at I-14.

[18] CR at I-23; PR at I-14.

[19] Compare U.S. producer production capacity in 2003, *** pounds, when Genesis was the sole producer; with U.S. producer production capacity in 2001 and 2002, approximately *** pounds, when Arizona was the sole domestic producer. CR/PR at Table I-1.

[20] CR at I-14-15; PR at I-9.

[21] CR at I-24; PR at I-14.

[22] CR at I-23, n.68; PR at I-14, n.68. CasChem Producer Questionnaire, Response to Question II-2.

completion of those reviews in March 2005, the Commission conducted further investigative activities, and accepted certain additional submissions. We discuss each of these phases in turn.

1. Institution and Adequacy Phase.

The Commission instituted this review on April 1, 2004.[23] In five-year reviews, the Commission initially determines whether to conduct a full review (which includes a public hearing, the issuance of questionnaires, and other procedures) or an expedited review. In order to make this decision, the Commission first determines whether individual responses to the notice of institution are adequate. Next, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties – domestic interested parties (such as producers, unions, trade associations, or worker groups) and respondent interested parties (such as 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. If the Commission finds the responses from both groups of interested parties adequate, or if other circumstances warrant, it will determine to conduct a full review.[24]

Genesis responded to the Commission's notice of institution as the sole domestic producer, and argued that the antidumping duty order should be continued.[25] The Commission determined that Genesis' domestic producer response was individually adequate, and that it was an adequate domestic interested party group response because Genesis accounted for one hundred percent of current U.S. production of sebacic acid at that time.[26]

Two respondent interested parties, importer (and former producer) Arizona and importer Morflex, Inc. ("Morflex") also responded to the notice of institution. The Commission determined that Arizona's individual response was adequate, but that Morflex's response was inadequate because Morflex failed to provide information responsive to much of the notice of institution. The Commission determined that the respondent interested party group response was inadequate because Arizona, the only respondent interested party to file an individually adequate response, did not import sebacic acid in 2003.[27] [28]

In its adequacy determination, the Commission noted that it had questions as to the extent of Genesis' actual production operations.[29] The Commission found that there had been "far-reaching changes to the composition of the domestic industry since the last review," which warranted a full review.[30] In July 2004, the Commission issued a scheduling notice for the full review, and set a hearing date for December 7, 2004.[31]

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[23] 69 FR 17233 (April 1, 2004).

[24] See 19 C.F.R. § 207.62(a); 63 FR 30599, 30602-05 (June 5, 1998).

[25] Genesis Response to Notice of Institution at 2 (May 21, 2004).

[26] Explanation of Commission Determinations on Adequacy, CR/PR at Appendix A.

[27] Id.

[28] Commissioner Charlotte Lane determined that the respondent interested party group response was adequate.

[29] In their responses to the Commission's notice of institution, Arizona and Morflex had both questioned whether Genesis was a domestic producer of sebacic acid. Morflex Response to Notice of Institution (April 7, 2004) at 1; Arizona Response to Notice of Institution (May 14, 2004) at 2.

[30] Explanation of Commission Determinations on Adequacy, CR/PR at Appendix A.

[31] 69 FR 45075 (July 28, 2004).

2. Second Review and Concurrent Commerce Proceedings.

a. Second Review Proceedings.

There are currently only two parties to this review: Cognis Corporation ("Cognis"), the sole worldwide producer of azelaic acid, and Morflex, Inc. ("Morflex"), a direct importer of subject merchandise.[32] Cognis did not file a response to the notice of institution. It requested that the Commission grant it leave to file a late entry of appearance in October 2004, due to its understanding that the Commission was considering azelaic acid as a potential alternative domestic like product.[33] Its request was granted. Cognis is the only party that filed a prehearing brief. Morflex and Genesis are the only other parties that have filed entries of appearance in this review.

Genesis had entered the sebacic acid market in 2002 partially due to ***.[34] After beginning production, Genesis experienced a steady decline in production, shipments, and capacity utilization in its sebacic acid operations.[35] Genesis ceased production in *** 2004.[36] On November 30, 2004, Genesis informed the Commission that it had ceased production of sebacic acid, and withdrew its entry of appearance in the review.[37] The Commission subsequently canceled its December 7, 2004 hearing due to lack of interest.[38]

b. Concurrent Commerce Reviews.

Concurrent with the second review at the Commission, Commerce conducted three related and relevant reviews: 1) its second five-year expedited review of the order on sebacic acid; 2) a changed circumstance review; and 3) an administrative review.

In August 2004, Commerce, in its second expedited review, determined that revocation of the antidumping duty order on sebacic acid from China would likely lead to continuation or recurrence of dumping.[39]

At the same time, Commerce was conducting reviews relating to the present duties on sebacic acid. The results of these reviews are relevant to these proceedings because Genesis told the Commission in December 2004 that it would *** if the antidumping duty remained in place and if *** Chinese exporters of sebacic acid, *** were assessed higher dumping margins as a result of these pending reviews.[40]

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[32] Although it responded to the notice of institution, Arizona did not file an entry of appearance. Therefore, it is not a party to this review.

[33] Letter from John Gurley, Coudert Brothers, to the Commission Secretary, dated October 28, 2004.

[34] CR at I-23; PR at I-14.

[35] CR at I-23; PR at I-14.

[36] CR at I-8, n.8, I-22-24; PR at I-4, n.8, I-14.

[37] Memorandum INV-CC-052 (April 15, 2005) at 1.

[38] Only Arizona requested to appear at the Commission's hearing. Subsequent to Genesis' withdrawal of its entry of appearance, Arizona withdrew its request to appear at the hearing and the Commission canceled the hearing. Letter from Arizona dated December 2, 2004.

[39] CR at I-8; PR at I-5. Commerce did not find a likely dumping margin for Chinese firm Tianjin as it was not subject to the antidumping dumping duty order at the time of Commerce's decision. Id.

[40] Staff telephone interview with ***, Genesis, December 2, 2004. U.S. importers of sebacic acid reported that these two exporters accounted for *** percent of sebacic acid exported to the United States in the period reviewed.

(continued...)

In April 2004, at the time this review was instituted, exports from Guangdong were being assessed an antidumping duty margin of 1.34 percent, while exports from Tianjin were exempt from the order.[41] On July 1, 2004, at the request of Genesis, Commerce initiated a changed circumstances review to determine whether it should reinstate the order with respect to Tianjin.[42] On November 26, 2004, Commerce made a preliminary determination that Tianjin had resumed dumping sebacic acid in the United States and provisionally reinstated the order with respect to Tianjin at a rate of 36.74 percent ad valorem. Commerce indicated that it would complete its changed circumstances review by March 28, 2005.[43]

On December 16, 2004, Commerce raised the antidumping duty on Guangdong to 29.87 percent, as a result of an administrative review.[44]

The Commission originally was scheduled to vote on this review on January 26, 2005. However, the changed circumstances review for Tianjin was still pending in January 2005.[45] On January 25, 2005, the Commission decided to extend the review period to assess the results of Commerce's changed circumstances review, which were due on March 28, 2005. At the same time, the Commission decided to reopen the record until April 21, 2005, to allow staff to engage in further investigative activities and allow parties to comment on any new information.[46]

3. Developments and Submissions since March 2005.

Commerce finished its changed circumstances review on March 23, 2005, and reinstated antidumping duties on Tianjin at a rate of 26.33 percent ad valorem.[47] However, Genesis reported to the Commission that the duties imposed by Commerce on the sebacic acid exported by Tianjin are ***. Genesis indicated that it was ***.[48]

The remaining parties to this review, Cognis and Morflex, as well as Genesis and Arizona, were provided an opportunity to comment on the market impact of the increased antidumping margins on exports from Guangdong and Tianjin. All of these firms provided comments with the exception of Arizona.[49]

On April 19, 2005, the day that the record closed in this review, the Commission received requests from two additional companies, Dover Chemical Corporation ("Dover")[50] and CasChem, to file late submissions containing information on their potential future U.S. production of sebacic acid. The Commission granted both requests. Dover stated that if the antidumping duty order on sebacic acid continued, it intended to produce sebacic acid in an existing production facility in the United States, or

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[40] (...continued)
CR at IV-3; PR at IV-1.

[41] CR at I-10; PR at I-6.

[42] CR at I-9; PR at I-5-6.

[43] CR at I-9-10; PR at I-6-7. 69 FR 68879, 68882 (November 26, 2004).

[44] CR at I-10; PR at I-6.

[45] CR at I-10; PR at I-6-7.

[46] 70 FR 4150 (January 28, 2005). Commission Press Release, January 25, 2005.

[47] 70 FR 16218, 16218 (March 30, 2005).

[48] Email from *** of Genesis, to Commission staff, response to staff questions, April 11, 2005.

[49] Memorandum INV-CC-052 (April 15, 2005) at 3-4.

[50] Dover is a subsidiary of ICC Industries, Inc. ("ICC Industries"). ICC Chemicals, Inc. ("ICC"), also a subsidiary of ICC Industries, is the ***. Dover Submission dated April 19, 2005 at 1. CR at I-26-27; PR at I-15-16.

contract to have it produced through a tolling contract.[51] CasChem stated that it was negotiating with a third party to acquire the technical information that would allow it to be a commercially viable U.S. production facility. It requested that the Commission continue the order "to justify the investment we are about to make in our plant."[52]

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."[53] The Act defines the "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."[54]

In its final results of the expedited sunset review it conducted with respect to sebacic acid from China, Commerce defined the imported merchandise within the scope of the antidumping order as "all grades of sebacic acid."[55] Sebacic acid is a white or off-white, waxy compound derived from castor oil.[56] It is a dicarboxylic acid with a high melting point, which drives many of its applications. As stated earlier, it can be used either as a reactant, or directly in formulated products.

The use of sebacic acid as a reactant in making chemical compounds, (mostly esters and polymer resins), accounted in the aggregate for *** percent of U.S. commercial shipments in 2003.[57] Sebacic acid may be polymerized to make nylon 6/10, which in turn is fabricated into products such as toothbrush bristles, fishing lines, and paper machine felts.[58] It also may be polymerized to produce polyester resins, coatings, and adhesives.[59] According to questionnaire responses, nylon applications accounted for approximately *** percent of U.S. commercial shipments in 2003, and resins, coatings and adhesives accounted for another *** percent.[60] Sebacic acid may also be a reactant with various alcohols to produce sebacate esters.[61] These esters are used as plasticizers (which soften stiff plastics and resins) in polyvinyl chloride (PVC) films to provide low temperature flexibility and freedom from cracking. Questionnaire

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[51] Dover Submission dated April 19, 2005 at 4.

[52] Caschem Submission dated April 19, 2005.

[53] 19 U.S.C. § 1677(4)(A).

[54] 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. 249, 96th Cong., 1st Sess. 90-91 (1979).

[55] 69 FR 47891 (August 6, 2004). CR at I-11; PR at I-7.

[56] CR at I-11, I-13; PR at I-7-8.

[57] ***. Derived from CR/PR at Table III-2; CR at III-5; PR at III-2. Arizona Producer Questionnaire, Response to Question II-20.

[58] CR at I-12; PR at I-8.

[59] CR at I-12; PR at I-8.

[60] CR at I-12; PR at I-8.

[61] CR at I-12; PR at I-8.

responses indicate that plasticizer and plastic additive applications accounted for approximately *** percent of U.S. commercial shipments of sebacic acid in 2003.[62]

Sebacic acid is also used directly in formulated products such as antifreeze coolants, as corrosion inhibitors in cutting and metal-working fluids, and in other formulated products such as coatings, and lubricants.[63] These applications in the aggregate accounted for *** percent of U.S. commercial shipments in 2003.[64] Metal working and corrosion inhibitor applications account for approximately *** percent of U.S. commercial shipments, and use in antifreeze applications for approximately *** percent.[65]

The Commission defined the domestic like product to be sebacic acid in its original determination.[66] In that determination, the Commission rejected the notion that other domestically produced dicarboxylic acids, including azelaic acid, should be included in the domestic like product with sebacic acid. The Commission found that the record reflected that the "physical characteristics, production processes, end uses, and prices for these products differ significantly from those for sebacic acid."[67] In the first five-year review, the Commission once again defined the domestic like product to be sebacic acid.[68]

In the current review, Cognis argues that azelaic acid should be included in the domestic like product with sebacic acid. In the alternative, it argues that if the Commission does not find that there is any domestically produced product "like" the subject merchandise, the Commission should define the domestic like product to be azelaic acid.[69] While the Commission may revisit its original like product determination if appropriate circumstances exist,[70] for the reasons stated below, we again define the domestic like product to be sebacic acid.

We find that there are domestic producers of sebacic acid, and note that there was production of the product throughout the period examined and up until late 2004. Union Camp/Arizona and Genesis both produced sebacic acid in commercial quantities over the period examined in this review.[71] Although Genesis, the most recent domestic producer of sebacic acid, ceased production within the past few months, it has indicated that it supports the continuation of the antidumping order, and that it could easily resume operations.[72]

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[62] CR at I-13; PR at I-8.

[63] CR at I-13; PR at I-8.

[64] CR at I-13; PR at I-8.

[65] CR at I-13; PR at I-8.

[66] Original Determination at I-3-5.

[67] Original Determination at I-4. Azelaic acid, like sebacic acid, is a dicarboxylic acid. Sebacic acid has a carbon chain of ten molecules, whereas azelaic acid has a carbon chain of nine molecules.

[68] First Review at 4.

[69] Response of Cognis to Commission Question III-2 (December 16, 2004) at 8-13.

[70] 63 FR 30602 (June 5, 1998).

[71] The period examined in this review is from January 1998 to June 2004. CR/PR at Table III-1 (domestic producer production). As stated earlier, Union Camp produced sebacic acid from 1998 to 1999, Arizona from 1999 to 2002, and Genesis from 2002 to late 2004.

[72] Genesis' Response to Commission Questions 1-1 (December 9, 2004). Email from ***, President of Genesis, to Commission staff (April 11, 2005).

Genesis states that ***.[73] With the exception of ***. The *** remains hooked up and operational.[74] According to Genesis, with the purchase of raw materials, it could resume production on *** notice.[75] Genesis has indicated that it has the interest and technical ability to re-start production. This record indicates that Genesis' production facilities remain generally intact and available to restart production of the like product in short order, and that the producer remains in existence and has indicated that it would recommence production upon more favorable business conditions. Where the domestic industry consists of a single producer, it is not uncommon for production not to be continuous, based on supply and demand conditions.[76]

Given that we have defined the domestic like product to be sebacic acid, which is "like" the subject merchandise, we do not further address Cognis' argument that in the absence of such a finding, we should define the domestic like product to be azelaic acid. We do however, address below its argument that sebacic acid and azelaic acid are sufficiently similar that they should both be included in the domestic like product. In doing so, we apply our traditional six factor like product analysis.

Physical Characteristics and Uses. With respect to physical characteristics and uses, both azelaic acid and sebacic acid are dibasic fatty acids, differing only in carbon chain length (9 for azelaic and 10 for sebacic).[77] Both have high melting points, although the melting point for sebacic acid, at 134 degrees Celsius, is higher than the 106.5 degrees Celsius melting point for azelaic acid.[78] Azelaic acid is commercially found only in "flake" form,[79] whereas sebacic acid may be in either "flake" or powder form.[80] Sebacic acid and azelaic acid may be used in some of the same applications, such as plasticizers, as well as in corrosion inhibitors (i.e., formulated products).[81] However, azelaic acid is used in the production of urethane elastomers and elastomeric fibers, whereas the record does not reflect that sebacic acid is used for those purposes.[82]

Common Manufacturing Facilities and Employees. Sebacic acid and azelaic acid are not produced by the same manufacturers or using the same manufacturing processes.[83] Cognis is the only commercial producer of azelaic acid in the world, and it does not produce sebacic acid.[84] Genesis produces sebacic acid from ***.[85] In contrast, azelaic acid is produced from oleic acid.[86]

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[73] Genesis' Response to Commission Question 1-1

[74] Genesis' Response to Commission Question 1-1.

[75] CR at I-23-24; PR at I-14.

[76] See, e.g., Industrial Nitrocellulose from Brazil, China, France, Germany, Japan, Korea, the United Kingdom, and Yugoslavia, Inv. Nos. 731-TA-96, -439-445 (Review), USITC Pub. 3342 (August 2000) at 6 & n. 18.

[77] CR at I-17-18; PR at I-11.

[78] CR at I-11, I-17; PR at I-7, I-11.

[79] CR at I-17; PR at I-11.

[80] CR at I-11; PR at I-7.

[81] CR at I-19-20; PR at I-12.

[82] Compare applications for sebacic acid, CR at I-12-13, PR at I-8; and applications for azelaic acid, CR at I-17, PR at I-10-11.

[83] CR at I-18; PR at I-11.

[84] CR at I-18-19; PR at I-11.

[85] CR at I-14-15; PR at I-9.

[86] CR at I-18; PR at I-11.

Interchangeability. Sebacic acid and azelaic acid are each distinct chemical entities with defined chemical properties, and therefore are not directly interchangeable with one another.[87] The record reflects that azelaic acid may be used as a substitute for sebacic acid in several applications, but that the chemical production process for the end use product has to be adapted to accommodate the change in chemical input.[88] Although Cognis asserts sebacic acid and azelaic acid are ***, Cognis recognizes that using one of the two chemicals in place of the other results in ***.[89] In other words, the production process for the end product has be changed to account for the difference in chemical input.[90]

Market participants differ as to the degree that azelaic acid and sebacic acid are substitutable, Arizona and other importers of sebacic acid reported that azelaic acid was a substitute for sebacic acid in limited applications.[91] According to Arizona, approximately *** percent of imported sebacic acid will be used in the applications in which there is an overlapping use.[92] Seven out of thirteen purchasers identified azelaic acid as a possible substitute for sebacic acid in applications to produce nylons and plasticizers, and for use in metal working fluids and corrosion inhibition. However, four purchasers indicated that they knew of no substitutes for sebacic acid and one did not address the question.[93] As stated earlier, azelaic acid may be substituted for sebacic acid in several, but not all, applications.[94]

Customer and Producer Perceptions. Sebacic acid producer Genesis and former producer Arizona agree that azelaic acid may be substitutable for sebacic acid only to a limited extent.[95] Cognis, the sole producer of azelaic acid, perceives the two products to be substitutable and competitive with one another in the U.S. market.[96] As noted above, purchasers identified azelaic acid as a possible substitute for sebacic acid in certain applications.[97]

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[87] CR at I-19; PR at I-12.

[88] See CR at I-16, I-19; PR at I-10, I-12.

[89] CR at I-20; PR at I-12.

[90] Cognis claims that with Genesis' "potential exit" from the U.S. market, substitutability between azelaic acid and sebacic acid "will surely increase." Response of Cognis to Commission Question III-2 (December 16, 2004). Cognis' theory is not based on increased substitutability of the compounds, however, but on changes in market conditions. It argues that Genesis' exit from the industry will trigger increased imports of sebacic acid from China at lower prices, which will in turn create an increased incentive for purchasers to use sebacic acid instead of azelaic acid. Id.

[91] CR at I-19-20; PR at I-12-13.

[92] Response of Arizona to Commission Question III-2 (December 15, 2004) at 2.

[93] CR at I-20; PR at I-12.

[94] Compare applications for sebacic acid, CR at I-12-13, PR at I-8; and applications for azelaic acid, CR at I-17, PR at I-11. In the original investigation, producers of potential alternative products to sebacic acid, including azelaic acid, informed the Commission that they saw little substitution between sebacic acid and other products. Memorandum INV-R-104 (June 17, 1994) at I-11, n.22.

[95] Genesis Response to Commission Question III-2 (December 9, 2004); Arizona Response to Commission Question III-2, (December 15, 2004).

[96] Response of Cognis to Commission Question III-2, (December 16, 2004).

[97] CR at I-19-21; PR at I-12-13.

Channels of Distribution. The majority of commercial shipments of sebacic acid (over *** percent) are directly to end users.[98] Sales of azelaic acid to *** may be made directly to end users, with other sales made ***.[99]

Price. The price of azelaic acid is reported to be *** percent higher than the price of sebacic acid.[100]

We do not define the domestic like product to include azelaic acid. It differs from sebacic acid in chemistry, and is only sold in a flake form, as opposed to sebacic acid which is sold in a powder and flake form. Although substitutable in several applications, they are not substitutable in all applications, and substitution is not direct; using one in place of the other requires changes to the pertinent downstream production process. Purchasers view the two acids as having limited interchangeability, limited to certain applications, and sebacic acid producers view them as separate products. Additionally, there are no producers that manufacture both sebacic acid and azelaic acid, and the products are produced through different manufacturing processes. Azelaic acid is also appreciably *** than sebacic acid. We thus continue to define a single domestic like product, sebacic acid, coextensive with the scope of the order.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[101] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States.[102]

In its response to the notice of institution, Arizona questioned whether there was in fact any current domestic production of sebacic acid.[103] Importer Morflex also claimed that Genesis' production activities do not constitute U.S. production of sebacic acid.[104] Morflex has urged the Commission to disregard Dover and CasChem's efforts late in the investigation to qualify as domestic producers of sebacic acid.[105] In light of our definition of the domestic like product, and the circumstances and arguments presented in this case, we address whether Genesis, Dover, and CasChem engage in sufficient production-related activities to qualify as domestic producers of sebacic acid. We begin our analysis with Genesis.

In deciding whether a firm qualifies as a domestic producer, the Commission generally has analyzed the overall nature of a firm's production-related activities in the United States, although production-related activity at minimum levels could be insufficient to constitute domestic production. Based on the factors we generally consider in assessing whether a firm engages in sufficient production-

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[98] CR at I-15; PR at I-9.

[99] CR at I-21 & n.56; PR at I-13 & n.56.

[100] CR at I-21; PR at I-13 .

[101] 19 U.S.C. § 1677(4)(A).

[102] See 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).

[103] CR at III-1, n.1; PR at III-1, n.1.

[104] Id.

[105] Morflex Final Comments (April 21, 2005).

related activities in the United States to be considered a domestic producer,[106] we include Genesis in the domestic industry.

Genesis' capital investment in the industry has been significant. Genesis indicated that between ***, spent an estimated $*** in ***.[107]

In 2002, Genesis invested $*** in ***.[108] A portion of Genesis' $*** capital expenditures in 2003 represented a *** which is specific to the production of sebacic acid.[109] In total, between 2002 and 2003, Genesis reported $*** in capital expenditures specifically allocated to its sebacic acid operations.[110]

Concerning technical expertise, Genesis ***, and then engages in ***.[111] Given that the product is ***, the level of technical expertise involved in Genesis' activities appear to be ***.[112]

Value added represents the conversion costs that Genesis used to *** sebacic acid.[113] During the period it sold sebacic acid, Genesis' value added exclusive of SG&A averaged *** percent; inclusive of SG&A, it averaged *** percent.[114] This percentage of value added is *** the value added by Union Camp/Arizona, which engaged in *** production of sebacic acid.[115] As noted in the staff report, however, Genesis' value added reflects that it was unable to sell high volumes, and therefore produced lower

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[106] The Commission generally considers six factors in deciding whether a firm qualifies as a domestic producer:

(1) source and extent of the firm's capital investment;
(2) technical expertise involved in U.S. production activities;
(3) value added to the product in the United States;
(4) employment levels;
(5) quantity and type of parts sourced in the United States; and
(6) any other costs and activities in the United States directly leading to production of the like product.

No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. See, e.g., Certain Wax and Wax/Wax Resin Thermal Transfer Ribbons from France, Japan, and Korea, 731-TA-1039-1040 (Final), USITC Pub. 3683 (April 2004) at 11-14; Aramid Fiber Formed of Poly Par-Phenylene Terepthalamide from the Netherlands, Inv. No. 731-TA-652 (Review), USITC Pub. 3394 (February 2001) at 5-7; Certain Cut-to-Length Steel Plate from France, India, Indonesia, Italy, Japan, and Korea, Inv. Nos. 701-TA-387-391, 731-TA-816-821 (Final), USITC Pub. 3273 at 8-10 (January 2000).

[107] CR at I-23, n.65 and III-2-3 & n.3; PR at I-14, n.65 and III-2 & n.3.

[108] CR at III-15-16 and Table III-8; PR at III-6 and Table III-8.

[109] Id. By way of comparison, Union Camp/Arizona, which was engaged in full-scale production of sebacic acid until 2002, reported capital expenditures of $*** in 1998, $*** in 1999, $*** in 2001, $*** in 2001 and $*** in 2002 (the year in which it was winding down its production). CR/PR at Table III-8. Arizona's 1999 expenditures included approximately $*** for production equipment, in particular ***. CR at III-15; PR at III-6.

[110] CR/PR at Table III-8.

[111] CR at I-15; PR at I-9. ***. CR at I-14; PR at I-9.

[112] See CR at I-14; PR at I-9. Union Camp/Arizona used a batch caustic fusion process similar to the one by which ***. Chinese producers of sebacic acid use a different process that begins with the hydrolysis of castor oil into glycerine and fatty acids, from which ricinoleic acid is separated and split into sebacic acid and capryl alcohol.

[113] CR at III-14; PR at III-5.

[114] CR at III-14-15; PR at III-6.

[115] Arizona's value added exclusive of SG&A expenses averaged *** percent during 1998-2000 (the period which staff believes is most representative of normal activity); Arizona's value added inclusive of SG&A during that period averaged *** percent. CR at III-14; PR at III-6.

volumes than it had intended.[116] Higher production volumes would have required proportionate increases primarily in raw material while fixed manufacturing costs would have remained about the same.

Employment levels in this industry have been *** in general.[117] In 2002, Genesis employed *** production related worker (PRWs), working *** hours.[118] In 2003, Genesis *** employment to *** PRWs working *** hours.[119] It scaled its employment back in interim 2004 to *** PRWs.[120] Genesis' 2003 employment level was *** of Arizona's 2002 level, and hours worked were even less.[121]

As noted, the main raw product used for Genesis' production is ***. Genesis estimates that the ***.[122]

Based on application of these criteria, we find that Genesis's operations constitute sufficient production-related activities to qualify it as a domestic producer. We conclude that Genesis' investment and activities represent a substantial involvement in the production of sebacic acid.

We now turn to the question of whether Dover and CasChem engage or will engage in sufficient production-related activities to be included in the domestic industry. We conclude, based on their limited submissions, that they do not. In contrast to our extensive knowledge of Genesis' production operations, we have no detailed information regarding Dover or CasChem's intentions to produce sebacic acid in the future. The firms filed their submissions very late in the investigative process, precluding us from gathering additional information regarding their potential production of sebacic acid. The plans submitted are speculative in nature.

The submissions indicate that neither CasChem nor Dover is currently capable of producing sebacic acid in commercial quantities. Rather, the submissions only indicate that at this juncture, these firms have considered actions which might possibly lead to domestic production sometime in the future.[123]

Thus, we define the domestic industry to include all domestic producers of sebacic acid during the period of review, namely Genesis and Union Camp/Arizona.

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[116] CR at III-15; PR at III-6.

[117] CR at III-7, PR at III-3; CR/PR at Table III-4.

[118] Producer's Questionnaire Response of Genesis at Question II-8a, page 7, as revised.

[119] CR at III-7 and CR/PR at Table III-4; PR at III-3. By comparison, Union Camp/Arizona employed *** PRWs working *** hours at the firms' peak in 1999, but reduced that number to *** PRWs working *** hours before the firm ceased production in 2002. Id. and Producer's Questionnaire Response of Arizona at Question II-8a, page 7.

[120] CR at III-7; PR at III-3.

[121] See CR at III-7; PR at III-3; Producer's Questionnaire Responses of Arizona and Genesis at Question II-8a, page 7, as revised.

[122] CR at I-15; PR at I-9.

[123] Dover indicated that it is considering two options: whether to produce the sebacic acid itself or contract to have it produced by a toller. In the latter scenario, the toller, and not Dover, would be the domestic producer of sebacic acid. Dover does not even identify the toller, the potential domestic producer, much less describe its future operations. Dover states in its submission that it was providing a project study to the Commission, but did not attach it to its submission. Dover Submission (April 19, 2005).

CasChem, which has not been successful producing sebacic acid in the past, states in its submission that it is *** to ***, and that it would like *** CasChem Submission (April 19, 2005).

III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING ORDER IS REVOKED

A. Legal Standard In A Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping 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 the antidumping order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[124] The 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 or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[125] Thus, the likelihood standard is prospective in nature.[126]

The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[127] [128] [129] [130]

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[124] 19 U.S.C. § 1675a(a).

[125] 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). Likewise, the standard applies to suspended investigations that were never completed." Id. at 883.

[126] 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 [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[127] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[128] Commissioner Hillman interprets the statute as setting out a standard of whether it is "more likely than not" that material injury would continue or recur upon revocation. She assumes that this is the type of meaning of "probable" that the Court intended when the Court concluded that "likely" means "probable." See Separate Views of Vice Chairman Jennifer A. Hillman Regarding the Interpretation of the Term "Likely", in Certain Carbon Steel Products from Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, the Netherlands, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom (Views on Remand), Invs. Nos. AA1921-197 (Review), 701-TA-231, 319-320, 322, 325-328, 340, 342, and 348-350 (Review), and 731-TA-573-576, 578, 582-587, 604, 607-608, 612, and 614-618 (Review) (Remand), USITC Pub. 3526 (July 2002) at 30-31.

[129] Vice Chairman Okun and Commissioner Pearson refer to their dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 at 15-17 (June 2004).

[130] Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, USITC Pub. 3698 at 24, she does not concur with the U.S. Court of International Trade's interpretation of "likely" but she will apply the Court's standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[131] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis [in antidumping investigations]."[132] [133]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[134] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[135]

For the reasons stated below, we determine that revocation of the antidumping order on sebacic acid from China would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

B. Conditions of Competition

U.S. demand for sebacic acid depends on the level of demand for downstream products using sebacic acid. In applications involving formulated products, manufacturing activity levels are the main determinant of consumption.[136] Demand for sebacic acid measured in apparent U.S. consumption has been relatively stable since the first review. It decreased irregularly by *** percent from 1998 (*** pounds) to 2003 (*** pounds). It peaked in 2000 (*** pounds). Apparent U.S. consumption in interim (January to June) 2004 was *** percent lower than in interim 2003.[137]

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[131] 19 U.S.C. § 1675a(a)(5).

[132] 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.

[133] In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers 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, this 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.

[134] 19 U.S.C. § 1675a(a)(1).

[135] 19 U.S.C. § 1675a(a)(1). Commerce has not issued a duty absorption finding with respect to the order on sebacic acid. CR at I-8; PR at I-5. 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.

[136] CR at II-5; PR at II-3.

[137] CR/PR at Table I-5 and Table B-1.

Sebacic acid is most often used as a raw material for making other chemicals and polyester resins.[138] As stated earlier, *** percent of the sebacic acid used in the United States in 2003 was used as a chemical reactant, whereas *** percent of it was used directly in formulated products.[139]

In general, since the original investigation, only one firm has produced sebacic acid at a time in the United States, and the industry in recent years has been characterized by firms entering and then exiting the industry. Union Camp, the original petitioner and long-time sole domestic producer of sebacic acid, no longer produces sebacic acid. Since the first review, Union Camp's successor, Arizona, as well as Genesis have all produced sebacic acid and then ceased their operations.[140] Domestic capacity and production fluctuated depending on whether a producer was in the process of entering or exiting the industry.[141] Genesis' production capacity in 2003 was *** Arizona's production capacity in 2002.[142] As noted earlier, Genesis is not currently producing sebacic acid, although it has the production capacity to recommence production within a few days, and has ***.

Genesis' production efforts are hampered by limited product offerings. Genesis supplies sebacic acid for only *** applications, the production of *** and the production of ***.[143] The vast majority of Genesis' shipments in 2003 were used in the production of *** (*** percent). A much smaller percentage was used to produce *** (*** percent) in that year.[144]

In contrast, importers of subject merchandise supply a variety of industry sectors that are largely separate from the sectors supplied by Genesis. *** reported that *** percent of its 2003 shipments were used to produce nylons, *** percent to produce plasticizers, *** percent to produce resin/coatings/adhesives, and *** percent to produce antifreeze.[145] Only *** percent of *** shipments were to the product sectors served by Genesis. *** reported that only *** percent of its shipments of sebacic acid in 2003 were used to produce ***, and *** percent to ***.[146] Two other importers also did not compete for the same purchasers as Genesis at all. One supplied sebacic acid to produce ***, and the other to produce ***.[147] Thus, Genesis and subject imports currently compete in largely separate sectors of the U.S. sebacic acid market, limiting the direct competition between them. The record does not indicate any reasons that this situation will change if the order is revoked.

As domestic supply has shrunk, the share of the U.S. market supplied by imports of sebacic acid from China and nonsubject imports from other countries has increased. Although nonsubject imports from other countries have increased, China is currently the primary source of sebacic acid for the U.S. market.[148]

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[138] CR at I-16; PR at I-10.

[139] CR at I-12-13; PR at I-8.

[140] ***. CR at I-23, n.68; PR at I-14, n.68. ***.

[141] CR/PR at III-1-2 & Table III-1.

[142] CR at II-2, n.2; PR at II-2, n.2.

[143] *** applications accounted for *** percent of U.S. commercial shipments in 2003, while *** accounted for about *** percent. CR at I-13; PR at I-8-9.

[144] CR/PR at II-1.

[145] CR/PR at II-1.

[146] CR/PR at II-1 (discussing importation by *** and ***, respectively).

[147] CR/PR at II-1.

[148] Memorandum INV-CC-052 (April 15, 2005) at Table B-1 (Imports from China held an *** share of the U.S. market in interim 2004). Currently all imports from China are subject imports.

In the original determination and the first review, the Commission found that subject and domestic sebacic acid were substitutable.[149] The record in this review also reflects that substitutability.[150] However, for applications requiring very high quality sebacic acid the degree of substitution may be reduced.[151] Some purchasers have indicated that the domestically produced product is lower in quality than the Chinese product.[152] *** maintains that Chinese sebacic acid is of consistently higher quality than the domestically produced product and better suited to a wide range of applications.[153]

In the original investigation, purchasers reported that quality and price were the most important factors in purchasing decisions.[154] In this second review, it appears that the importance of quality in purchasing sebacic acid has increased since the original determination. Purchasers identified quality as the most important factor in purchasing sebacic acid.[155] Fifteen purchasers reported that product availability, product consistency, and reliability of supply were very important in their purchasing decisions; fourteen identified quality which meets industry standards as very important; and thirteen reported that lower price was very important. Thus, the record in this review reflects that other factors are equally or more important factors than price in purchasing sebacic acid.[156] In that context, we note that some purchasers have reported that domestic supply of sebacic acid is either not available or that Genesis is not a reliable supplier.[157]

We find that the foregoing conditions of competition are likely to remain unchanged for the reasonably foreseeable future and thus provide an adequate basis by which to assess the likely effects of revocation within the reasonably foreseeable future.

C. Likely Volume, Price and Impact of Subject Imports Upon Revocation of the Order

As the statute requires, we have considered the "likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[158]

However, given the background of this case, the effect of revocation of the order cannot be analyzed using the Commission's traditional approach to the statutory questions. While there has been a domestic industry producing sebacic acid during the period examined and facilities still exist that could be used for such production, Genesis, the sole producer that currently owns such capacity, has definitively told the Commission that ***.[159] While imports of sebacic acid from China are likely to be significant if the order is revoked, it is not possible to conclude that such imports will have negative effects on domestic

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[149] CR at II-10, 17; PR at II-6, 10-11.

[150] CR at II-10; PR at II-6.

[151] CR at II-10; PR at II-6.

[152] *** reported that U.S. producers could not meet its quality requirements. CR at II-15; PR at II-8.

[153] *** Importer Questionnaire at 21. ***, an importer of sebacic acid from *** states in its importer questionnaire that neither U.S. producers nor Chinese producers can produce a high enough quality product to suit its needs. *** Importer Questionnaire at 21.

[154] Original Confidential Staff Report, USITC Pub. 2793 at II-29.

[155] CR/PR at Table II-1, as revised.

[156] CR/PR at Table II-2, as revised.

[157] *** indicated that it purchased primarily domestic sebacic acid from Arizona until it ceased production. Then it attempted to evaluate the sebacic acid from Genesis but found Genesis to be unreliable and so discontinued its approval process. CR at II-15-16; PR at II-9.

[158] 19 U.S.C.§ 1675a(a)(1).

[159] E-mail from *** of Genesis, to Commission staff, response to staff questions, April 11, 2005.

prices, or negatively impact a domestic industry, given the expected absence of domestic production. We do not view the statute as supporting the notion that the order should continue based on the possibility that Genesis might some day in the future decide to resume production. Thus, we determine that revocation of the antidumping order would not be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping order on sebacic acid from China would not be likely to lead to continuation or recurrence of material injury to the domestic sebacic acid industry within a reasonably foreseeable time.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On April 1, 2004, the Commission gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted a review to determine whether revocation of the antidumping duty order on sebacic acid from China would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective July 6, 2004, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.[1] Information relating to the background and schedule of the review is provided in the following tabulation.

Effective date	Action
July 14, 1994	Commerce's antidumping duty order (59 FR 35909)
December 2, 1998	Commerce's initiation/Commission's institution of five-year review (63 FR 66527/63 FR 66567)
April 7, 1999	Commerce's final results of expedited five-year review (64 FR 16910)
May 19, 1999	Commission's expedited five-year review determination (64 FR 27297)
May 26, 1999	Commerce's continuation of antidumping duty order (64 FR 47766, September 1, 1999)
April 1, 2004	Commission's institution of second review (69 FR 17233)[1]
July 6, 2004	Commission's decision to conduct a full review, and scheduling notice (69 FR 45075, July 28, 2004)
August 6, 2004	Commerce's final results of expedited review (69 FR 47891)
December 3, 2004	Cancellation of the Commission's scheduled hearing (69 FR 70705, December 7, 2004)[2]
January 28, 2005	Extension and rescheduling of the Commission's review (70 FR 4150)
April 28, 2005	Commission's vote
May 11, 2005	Commission's determination transmitted to Commerce

[1] *Federal Register* notices relating to the present review are presented in app. A.
[2] The Commission received only one request to appear at its hearing scheduled for December 7, 2004, from Arizona Chemical Company ("Arizona"). Arizona subsequently withdrew its request, and the hearing was cancelled.

The Original Investigation

On July 19, 1993, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of sebacic acid from

[1] The Commission's statement on adequacy appears in app. A, and may also be found at the Commission's web site (internet address *www.usitc.gov*). In its statement on adequacy, the Commission noted the "far-reaching changes" to the composition of the domestic sebacic acid industry since its first review of the antidumping duty order, as well as the questions raised in response to the Commission's notice of institution regarding the extent of actual production undertaken in the United States by SST Materials, Inc. d/b/a Genesis Chemicals, Inc. ("Genesis").

China.[2] On May 31, 1994, Commerce made a final affirmative dumping determination, with margins as follows:

Manufacturer/producer/exporter	Weighted-average margin (*percent*)
Tianjin Chemicals Import & Export Corporation	59.67
Guangdong Chemicals Import & Export Corporation	57.00
Sinochem International Chemicals Company	43.72
Sinochem Jiangsu Import & Export Corporation	85.45
China-wide rate	243.40

The Commission made its final affirmative injury determination on July 5, 1994, and Commerce issued an antidumping duty order on July 14, 1994.[3]

The First Five-Year Review

On March 5, 1999, the Commission determined that it would conduct an expedited review of the antidumping duty order on sebacic acid from China.[4] On April 1, 1999, the Commission received the final results of Commerce's expedited sunset review. Commerce determined that dumping was likely to continue if the antidumping duty order on sebacic acid was revoked, and estimated the likely margins of dumping as follows:

Manufacturer/producer/exporter	Weighted-average margin (*percent*)
Tianjin Chemicals Import & Export Corporation	118.00
Guangdong Chemicals Import & Export Corporation	102.99
Sinochem International Chemicals Company	82.66
Sinochem Jiangsu Import & Export Corporation	141.97
China-wide rate	243.40

On April 29, 1999, the Commission determined that revocation of the antidumping order on sebacic acid would be likely to lead to a continuation or recurrence of material injury to an industry in the United States.[5] Notice of continuation of the order was published by Commerce on September 1, 1999.[6]

Table I-1 presents a summary of data collected in the original investigation, in the Commission's first review, and in the present review; figure I-1 shows U.S. imports of subject sebacic acid from China since 1991.

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[2] The petition was filed by Union Camp Corp. ("Union Camp"), the sole producer of sebacic acid in the United States at the time.

[3] *Antidumping Duty Order: Sebacic Acid From the People's Republic of China*, 59 FR 35909 (July 14, 1994).

[4] *Sebacic Acid From China*, 64 FR 12353 (March 12, 1999).

[5] *Sebacic Acid From China*, 64 FR 27297 (May 19, 1999).

[6] *Continuation of Antidumping Duty Order: Sebacic Acid From the People's Republic of China*, 64 FR 47766 (September 1, 1999).

Table I-1
Sebacic acid: Summary data from the original investigation, first review, and current review, 1991-93 and 1997-2003

* * * * * * *

Figure I-1
Sebacic acid: Subject, nonsubject, and total U.S. imports, 1991–2003

* * * * * * *

Statutory Criteria and Organization of the Report

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

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

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> > *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
> > *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
> > *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
> > *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> > *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
> > *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
> > *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

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

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

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

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

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

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

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

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

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

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

Information obtained during the course of this review that relates to the above factors is presented throughout this report. A summary of data collected in this review is presented in appendix B.[7] U.S. industry data are based on the questionnaire responses of Genesis and Arizona, that together accounted for 100 percent of U.S. production of sebacic acid between 1991 and June 2004.[8] U.S. import data are based on the questionnaire responses of U.S. importers of sebacic acid. Responses by U.S. producers, importers, and purchasers of sebacic acid, and by exporters of sebacic acid in China, to a series of

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[7] Table B-1 presents a summary of data appearing in Parts I, III, and IV. Tables B-2 and B-3 present summary data for a domestic like product that includes sebacic acid and azelaic acid (*see* "Domestic Like Product Issues," below). Table B-2 includes data for Genesis as a domestic producer, while table B-3 presents data excluding Genesis as a domestic producer. Table B-4 presents domestic producer data for azelaic acid only.

[8] In May 1999, Arizona acquired Union Camp, then still the sole producer of sebacic acid in the United States. Arizona ceased production of sebacic acid in December 2002. Genesis began production of sebacic acid in late 2002, and was the sole U.S. producer until it ceased production in October 2004. There are presently no firms producing sebacic acid in the United States.

questions concerning the significance of the existing antidumping duty order and the likely effects of revocation are presented in appendix C.

COMMERCE'S RESULTS OF EXPEDITED REVIEW

On August 6, 2004, Commerce determined that revocation of the antidumping duty order on sebacic acid from China would likely lead to continuation or recurrence of dumping as follows:[9]

Manufacturer/producer/exporter	Weighted-average margin (*percent*)
Tianjin Chemicals Import & Export Corporation	Revoked
Guangdong Chemicals Import & Export Corporation	57.00
Sinochem International Chemicals Company	43.72
Sinochem Jiangsu Import & Export Corporation	85.48
China-wide rate	243.40

Commerce has not issued a duty absorption finding with respect to this order.

COMMERCE'S ADMINISTRATIVE REVIEWS

Commerce has completed seven administrative reviews of the antidumping duty order on sebacic acid from China, covering periods from July 1994 through June 2003. The results of these seven reviews are presented in table I-2.

On November 19, 2002, as a result of its sixth administrative review, Commerce revoked the antidumping duty order with respect to sebacic acid produced by Hengshui Dongfeng Chemical Co., Ltd. ("Dongfeng"), and exported by Tianjin Chemicals Import and Export Corporation ("Tianjin"). The revocation was based on Commerce's determination that Tianjin had made no sales at less than normal value for a period of three consecutive years, and applied to entries made after July 1, 2001.[10]

On May 28, 2003, Commerce published the final results of a changed circumstances review in which it found that changed circumstances did not exist to warrant revocation of the order.[11] On July 1, 2004, Commerce initiated a second changed circumstances review to determine whether it should reinstate the order with respect to subject merchandise produced by Dongfeng and exported to the United

[9] Commerce's notice is presented in app. A.

[10] Commerce's partial revocation was subject to agreement from Tianjin that the order would be reinstated if Commerce concluded that, subsequent to revocation, Tianjin sold sebacic acid in the United States at less than normal value. See *Sebacic Acid from the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Determination to Revoke Order in Part*, 67 FR 69719 (November 19, 2002).

[11] *Sebacic Acid From the People's Republic of China: Notice of Final Results of Changed Circumstances Review and Intent Not To Revoke the Antidumping Duty Order*, 68 FR 31684 (May 28, 2003). The changed circumstances review was requested by Morflex, Inc. ("Morflex"), a U.S. importer of sebacic acid, following Arizona's notification to Commerce that it intended to cease U.S. production of sebacic acid by late 2002. Based on Morflex's and Arizona's submissions, Commerce determined that sufficient evidence existed to warrant a changed circumstances review, and invited comments from interested parties (68 FR 2315, January 16, 2003). In response to Commerce's notice, Genesis notified the Department that it had begun U.S. production of sebacic acid in December 2002, and indicated its opposition to revocation of the order. See *Sebacic Acid From the People's Republic of China: Notice of Preliminary Results of Changed Circumstances Review and Preliminary Intent Not to Revoke the Antidumping Duty Order*, 68 FR 14945 (March 27, 2003).

Table I-2
Sebacic acid: Results of Commerce's completed administrative reviews, 1994-present

Period of review	Date results published	Margins *(percent)*
July 13, 1994 to June 30, 1995	March 7, 1997 (62 FR 10530) *as amended* January 12, 2000 (65 FR 1849)[1]	Tianjin Chemicals . . . . . 5.74 Guangdong Chemicals . . . . . 36.50 Sinochem International . . . . . 75.36 Sinochem Jiangsu . . . . . 243.40 China-wide rate 243.40
July 1, 1995 to June 30, 1996	December 15, 1997 (62 FR 65674)	Tianjin Chemicals . . . . . 0.00 Guangdong Chemicals . . . . . 13.54 Sinochem International . . . . . 1.78 China-wide rate 243.40
July 1, 1996 to June 30, 1997	August 13, 1998 (63 FR 43373)	Tianjin Chemicals . . . . . 1.09 Guangdong Chemicals . . . . . 10.18 Sinochem International . . . . . 0.11 Sinochem Jiangsu . . . . . 243.40 China-wide rate 243.40
July 1, 1997 to June 30, 1998	December 13, 1999 (64 FR 69503)	Tianjin Chemicals . . . . . 2.74 Guangdong Chemicals . . . . . 9.01 Sinochem International . . . . . 0.00 China-wide rate 243.40
July 1, 1998 to June 30, 1999	August 14, 2000 (65 FR 49537)	Tianjin Chemicals . . . . . 0.44 Guangdong Chemicals . . . . . 6.64 China-wide rate 243.40
July 1, 2000 to June 30, 2001	November 19, 2002 (67 FR 69719)	Tianjin Chemicals . . . . . Revoked Guangdong Chemicals . . . . . 1.34 China-wide rate 243.40
July 1, 2002 to June 30, 2003	December 16, 2004 (69 FR 75303)	Guangdong Chemicals 29.87
July 1, 2003 to June 30, 2004	*rescinded* January 19, 2005 (70 FR 2998)[2]	Guangdong Chemicals . . . . . n/a

[1] Commerce amended its final results for its 1994/95 review following two remands from the U.S. Court of International Trade relating to Commerce's valuation of certain inputs and by-products in the production of subject merchandise. See *Sebacic Acid from the People's Republic of China; Amended Final Results of Antidumping Duty Administrative Review,* 65 FR 1849 (January 12, 2000).
[2] Commere rescinded its administrative review covering exports from Guangdong and Tianjin between July 1, 2003 and June 30, 2004 following Genesis' withdrawal of its request for a review.

States by Tianjin.[12] On March 30, 2005, Commerce published the final results of this review, finding that Tianjin had sold sebacic acid in the United States at less than normal value between July 1, 2002 and June 30, 2003.

[12] The review resulted from an allegation, submitted to Commerce by Genesis, that Tianjin had resumed dumping sebacic acid in the United States since partial revocation of the order. See *Sebacic Acid from the People's Republic of China; Notice of Initiation of Changed Circumstances Review*, 69 FR 47409 (July 1, 2004).

The order was consequently reinstated with respect to Tianjin, at a company-specific antidumping duty rate of 26.33 percent *ad valorem*.[13]

The antidumping duty order remains in effect for all other manufacturers, producers, and exporters of sebacic acid from China.

THE SUBJECT PRODUCT

Commerce's Scope

The imported products subject to the antidumping order under review, as defined by Commerce, are "all grades of sebacic acid, a dicarboxylic acid, with the formula $(CH2)_8(COOH)_2$, 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)."[14] Sebacic acid is imported under Harmonized Tariff Schedule of the United States (HTS) subheading 2917.13.00 (statistical reporting number 2917.13.0030),[15] and enters the United States at a column 1-general duty rate of 4.8 percent *ad valorem*.

Description

Sebacic acid (decanedioic acid) is a white to yellowish off-white, waxy chemical compound with a melting point of about 134 degrees Celsius. A dibasic fatty acid,[16] it is generally sold as a free-flowing powder or flake. There are no established government or trade association standards or grades for sebacic acid.[17] Sebacic acid is used in one of two ways before final consumption: (1) reacted with other chemicals to produce distinct chemical compounds or polymers; or (2) formulated into mixtures prepared according to a given manufacturer's specifications.

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[13] *Sebacic Acid from the People's Republic of China: Final Results of Antidumping Duty Changed Circumstances Review and Reinstatement of the Antidumping Duty Order*, 70 FR 16218 (March 30, 2005). The final antidumping margin in Commerce's changed circumstances review relating to Tianjin is a reduction from the provisional margin of 36.74 percent established in its preliminary review results. See *Sebacic Acid from the People's Republic of China: Preliminary Results of Changed Circumstances Review and Intent to Reinstate the Antidumping Duty Order*, 69 FR 68879 (November 26, 2004). The effective date of Commerce's reinstatement of the order with respect to Tianjin is March 30, 2005.

[14] *Sebacic Acid From the People's Republic of China; Final Results of the Expedited Sunset Review of Antidumping Duty Order; Final Results*, 69 FR 47891 (August 6, 2004). The illustrative list of product grades contained in Commerce's scope reflects the specific grades of sebacic acid produced by Union Camp, the sole U.S. producer of sebacic acid at the time of the original investigation. Arizona, which acquired Union Camp in 1999, ceased production of sebacic acid in 2002. (*See also* fn. 17, below).

[15] Until August 1, 1997, when the tariff rate line was statistically annotated, shipments of sebacic acid were reported under a residual or "basket" HTS subheading (2917.13.00) that included azelaic acid, as well as salts and esters of both sebacic acid and azelaic acid. Evidence obtained in this review, however, indicates that imports of sebacic acid salts and esters have, at least between 1999 and 2003, been miscategorized under the HTS statistical reporting number that covers only sebacic acid (its salts and esters would fall in 2917.13.0090). Compare *Customs data*, August 2, 2004, with the Importers' Questionnaire responses of ***. *See also*, e-mail from *** regarding sebacate imports statistics, October 21, 2004.

[16] Dibasic acids are those containing two replaceable hydrogen atoms, capable of being separated or changed into ions. Fatty acids are a class of aliphatic (or straight chain) acids present as glycerides in animal and vegetable fats and oils. *Random House College Dictionary, Revised ed.*, Random House, New York, NY, 1980.

[17] Specifications of the three grades of sebacic acid sold by Genesis, most recently the sole U.S. producer, are presented in app. D. These grades are also presented in Part V of this report, and serve as the basis for pricing data collected by the Commission.

Applications

With respect to its use in compounds, sebacic acid and hexamethylenediamine monomers can be polymerized[18] together to make nylon 6/10. Nylon 6/10 in fiber/filament form is used in paper-making machines, toothbrushes, and some fishing lines. Nylon 6/10 is also used as an engineering molding resin for more demanding applications.[19] Sebacic acid can also be used to produce resins other than the nylon polyamide type, such as polyester resins.[20] Based on information provided in response to Commission questionnaires in this review, nylon applications accounted for *** percent of U.S. commercial shipments of sebacic acid in 2003. Resins, coatings, and adhesives accounted for a further *** percent of total commercial shipments in 2003 (from all sources).

With respect to its use in chemical reactions, sebacic acid can be esterified with various alcohols to produce sebacate esters. At the time of the original investigation, seven such sebacate esters had been reported to the Commission during compilation of its *Synthetic Organic Chemicals* report.[21] Sebacate esters are used as plasticizers in polyvinyl chloride (PVC) films to provide low temperature flexibility and freedom from cracking; in coating formulations to provide flexibility; and in a variety of other applications, such as processing aids. Sebacic acid also can be reacted with chemicals other than alcohol. Based on responses to Commission questionnaires in this review, plasticizer and plastic additive applications accounted for *** percent of U.S. commercial shipments of sebacic acid in 2003.

Finally, sebacic acid can be used directly in formulated products such as antifreeze coolants, and cutting and metal working fluids, where it is used chiefly as a corrosion inhibitor. As a fatty chemical, sebacic acid coats exposed metals with a thin film that helps protect against oxygen and electrolytic corrosion. Metalworking and corrosion inhibitor applications accounted for *** percent of U.S. commercial shipments of sebacic acid in 2003; use in antifreeze formulations accounted for *** percent of commercial shipments, according to questionnaire data obtained in this review.

Manufacturing Processes

In theory, sebacic acid can be produced in a number of ways - including from petrochemical feedstocks - but the primary commercial route begins with castor oil. Castor oil is obtained from castorseed (sometimes called castor beans), the fruit of *Ricinus communis*, a subtropical shrub, by mechanical pressing and/or solvent extraction. Some castorseed is traded internationally, but most castor oil is produced in those countries that grow castorseed, principally India, China, and Brazil. Countries producing castor oil consume a large portion of their own castor oil output, though a considerable amount is also traded internationally.[22]

As a natural vegetable oil, castor oil contains an array of identifiable chemicals, most important among them being fatty acids. Castor oil contains approximately 89.5 percent ricinoleic acid, along with lesser amounts of dihydroxystearic acid, palmitic acid, stearic acid, oleic acid, linoleic acid, linolenic acid,

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[18] "Polymerization" is a chemical reaction in which two or more small molecules combine to form larger molecules that contain repeating structural units of the original smaller molecules. *Webster's Ninth New Collegiate Dictionary*, Merriam Webster, Springfield, MA, 1983.

[19] Nylon 6/10 has better resistance to water and chemicals than the more commonly produced (and less expensive) nylon 6/6 or nylon type 6.

[20] The main polyester resin is polyethylene terephthalate (PET), made from ethylene glycol and terephthalic acid, another dibasic acid.

[21] These were dibutoxyethyl sebacate, dibutyl sebacate, di(2-ethylhexyl) sebacate, di-isopropyl sebacate, dimethyl sebacate, and propylene glycol sebacate. *Synthetic Organic Chemicals: United States Production and Sales, 1992*, USITC Pub. 2720, February 1994, pp. 3 and 94-96.

[22] *Sebacic Acid from the People's Republic of China, Investigation No. 731-TA-653 (Final)*, USITC Pub. 2793, July 1994, p. II-6.

eicosanoic acid, and other fatty acids.[23] Sebacic acid is made from the ricinoleic acid in castor oil. One of the manufacturing process challenges is how to deal with the other fatty acids and constituents contained in castor oil without losing their intrinsic value as potential by- or co-products.

At the time of the Commission's original investigation, there were two recognized production processes for sebacic acid: a batch caustic fusion process used by domestic producer, Union Camp, and an integrated, continuous process reportedly used by several of the larger Chinese producers.[24] Union Camp's production process involved the caustic oxidation of castor oil into sebacic acid using caustic soda and caustic potash. The crude sebacic acid produced from this process was then purified to one of three grades: CP grade, Nylon grade, and Purified grade.[25] Evidence on the record in this review indicates that Union Camp continued to use this production process after its acquisition by Arizona, and until it ceased production of sebacic acid in 2002.[26]

Chinese producers of sebacic acid examined in the original investigation employed a two-step process that began with the hydrolysis of castor oil into glycerine and fatty acids. Ricinoleic acid was then separated from the fatty acids and split into sebacic acid and capryl alcohol.[27] Respondents in the original investigation asserted that this process resulted in lower operating costs, higher yields, purer marketable by-products, higher energy efficiency, and lower reagent costs than the process employed by Union Camp.[28]

Sebacic acid sold by Genesis is produced ***. Genesis' involvement in this production process begins ***. The company ***.[29] Genesis estimates that *** for the sebacic acid it sells.[30]

Genesis' *** begins with ***. The mixture ***. The resulting solution ***. Sebacic acid ***.[31]

Channels of Distribution

The majority of sebacic acid sold in the United States over the period examined was sold directly to end users. In 2003, *** percent of domestically produced sebacic acid, and *** percent of imported sebacic acid, was sold directly to end users.[32] Between 1998 and 2003, Arizona's internal consumption of domestically produced sebacic acid accounted for *** percent of the domestic industry's U.S. shipments. Genesis ***. In 2003, *** percent of directly imported sebacic acid was internally consumed.

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[23] Kirk-Othmer. *Encyclopedia of Chemical Technology*. John Wiley & Sons, New York. "Castor Oil," Vol. 5, p. 3.

[24] *See Sebacic Acid from the People's Republic of China, Investigation No. 731-TA-653 (Final)*, USITC Pub. 2793, July 1994, pp. II-6 - 8. A diagram of Union Camp's production process, submitted by Arizona as part of its Producers' Questionnaire response, is presented in app. E.

[25] Attachment to Arizona's Producers' Questionnaire response. Arizona's attachment also indicated that ***.

[26] In its response to the Commission's notice of institution in the first five-year review, Union Camp reported that it had improved its production process since 1994 to yield sebacic acid of better quality than that produced during the original investigation. *Staff Report of April 9, 1999*, Memorandum INV-W-065, p. I-7.

[27] *Id*., p. I-6.

[28] *Id*.

[29] ***.

[30] *Staff Fieldwork Report*, October 14, 2004, p. 2. A diagram of the full production process used in manufacturing the sebacic acid sold by Genesis (***) is presented in app. F.

[31] *Id.*, p. 2.

[32] Imported sebacic acid from countries other than China, which constituted less than *** percent of total imports in 2003, were sold almost entirely to end users. In 2003, *** percent of commercial shipments of non-Chinese imported sebacic acid was sold to directly end users.

DOMESTIC LIKE PRODUCT ISSUES

The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price. In its original determination, the Commission found the appropriate domestic like product to be "a single like product, consisting of all domestically produced sebacic acid," and the domestic industry to be "all U.S. producers of sebacic acid."[33] In its determination in the first review of the antidumping duty order, the Commission found that the domestic like product and domestic industry remained unchanged from its original determination.[34] Since the first review, the composition of the domestic industry has changed substantially, and questions have been raised regarding the extent to which actual production of sebacic acid occurs in the United States.[35]

As noted above, the predominant use of sebacic acid is as a raw material for making other chemicals and polymer resins. If another fatty acid were used as a raw material in chemical reaction processes normally using sebacic acid, the resulting chemical products would be distinct chemical entities. However, derivatives of sebacic acid may be substituted with derivatives of other chemical products. In response to Commission questionnaires in this review, U.S. sebacic acid market participants identified three products as substitutes for sebacic acid in various applications: adipic acid, azelaic acid, and Corfree®.

Physical Characteristics and Uses

Adipic acid, azelaic acid, Corfree®, and sebacic acid are each dicarboxylic[36] fatty acids (or, in the case of Corfree®, contain these acids as a major constituent) varying in carbon chain lengths.[37] This variation, the result of different raw materials and production processes, results in chemically distinct structures, differing in physical and chemical properties.

Adipic acid (1,6-hexanedioic acid) is a 6-carbon saturated linear dicarboxylic acid. It is generally sold in crystal form, and has a melting point of 152 degrees Celsius.[38] The main use for adipic acid is in making nylon 6/6, both hexamethylenediamine[39] (the first "6") and the dibasic acid co-monomer (the second "6"). Smaller quantities of adipic acid are used to make adipate esters[40] and other chemicals,

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[33] *Sebacic Acid from The People's Republic of China, Investigation No. 731-TA-653 (Final)*, USITC Pub. 2793, July 1994, p. I-7. In its *Views*, the Commission noted that other dicarboxylic acids, with carbon chain links of 9 and 11, were different from sebacic acid with respect to physical characteristics, production processes, end uses, and price, based on the record in the original investigation.

[34] *Sebacic Acid from China, Investigation No. 731-TA-653 (Review)*, USITC Pub. 3189, May 1999, p. 5.

[35] *See Explanation of Commission Determination on Adequacy* in app A.

[36] Dicarboxylic acids have two carboxyl groups; i.e., the univalent group, -COOH, present in, and characteristic of, organic acids. *The Random House College Dictionary, Revised ed.*, Random House, New York, NY, 1980.

[37] A "chain" refers to two or more atoms of the same element, usually carbon, attached in a linear chain rather than a "ring." *Id.*

[38] *The Merck Index, 12th ed.* Merck & Co., Whitehouse Station, NJ, 1996, p. 30.

[39] Hexamethylenediamine is used as a co-monomer in making nylon 6/10 and nylon 6/9.

[40] Reportedly about 4 percent of U.S. consumption. SRI International, *Chemical Economics Handbook*, "Adipic Acid," p. 608.5000U.

including caprolactam, the monomer for Type 6 nylon. A minor amount of adipic acid is also used directly, for example, as an acidulant and gel-inducing agent in jams, jellies, or gelatin desserts.[41]

Azelaic acid (1,9-nonanedioic acid) is a 9-carbon saturated linear dicarboxylic acid. Azelaic acid is an opaque-white, crystalline compound with a melting point of 106.5 degrees Celsius. It is sold in flake form in 25 kilogram paper bags and in 700 kilogram supersacks.[42] Azelaic acid has a number of uses, including polymers; nylon engineering plastics and fiber; polyester fibers, films, and adhesives; plasticizers; urethane elastomers and elastomeric fibers; lubricants and grease; and unsaturated polyesters.[43] Both azelaic acid and sebacic acid are dibasic fatty acids, differing only in carbon chain length (9 and 10, respectively). The two products can both undergo similar kinds of chemical synthesis reactions, in particular, those forming polyamides (nylon 6/9 and nylon 6/10, respectively) and mono- or di-substituted fatty acid esters, major uses of sebacic acid.[44]

Corfree® is a proprietary mixture of C10, C11, and C12 dibasic fatty acids.[45] A yellowish white, waxy and flaky solid, Corfree® has a melting point in the range of 85-95 degrees Celsius. Corfree® is promoted as a primary ingredient in the formulation of corrosion inhibitors, and is potentially a competitor to sebacic acid in this application.[46] Commercial corrosion inhibitors are usually aqueous mixtures formulated to inhibit corrosion of metals in contact with water, though industrial users may prepare their own solutions to meet their own corrosion control situations.

Common Manufacturing Facilities and Production Employees

Neither Genesis nor Arizona has produced adipic acid, azelaic acid, or Corfree®. Adipic acid is produced from basic petrochemicals by three large producers in the United States: Invista, Inc., Inolex Chemical Company, and Solutia, Inc. The three companies reportedly have a combined annual adipic acid production capacity in excess of *** pounds.[47] Azelaic acid is produced in the United States by Cognis from oleic acid - a common unsaturated 18-carbon chain fatty acid available from a variety of vegetable oil or animal fat sources - by a unique ozone oxidation-cleavage process.[48] Cognis is the world's sole commercial producer of azelaic acid.[49] Finally, Corfree® is produced and sold by Invista, and is believed to be a by-product of Invista's synthetic fibers production.

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[41] SRI International, *Chemical Economics Handbook*, "Adipic Acid", p. 608.5000X.

[42] *Cognis Fact Sheet* on Emerox Azelaic Acids.

[43] *Id*.

[44] There are only two domestic manufacturers of nylon 6/9 and nylon 6/10, Shakespeare Monofilament, Columbia, SC, and Solutia, Inc., Pensacola, FL. Nylon 6/9 is the polyamide made from ethylenediamine and azelaic acid, analogous to nylon 6/10 made from ethylenediamine and sebacic acid, or the more common nylon 6/6 made from ethylenediamine and adipic acid, a petrochemical product. Each polymer's physical properties, and to a certain extent its chemical properties, depend on such variables as the average polymer chain length, the distribution of polymer chain lengths within the average, and the extent of cross-linking. These variables, in turn, depend upon polymerization conditions, that may be adjusted during manufacture, as well as upon its monomer chemical composition. Thus, a variety of 'grades' of a polymer may be produced and offered for sale by a manufacturer to better fit certain end uses.

[45] C10, C11, and C12 refer to the number of carbon atoms contained in the respective acid compounds.

[46] Applications relating to corrosion inhibition and metal working accounted for *** percent of U.S. commercial shipments of sebacic acid in 2003, according to information provided by Genesis and U.S. importers of sebacic acid.

[47] SRI International, *Chemical Economics Handbook*, "Adipic Acid", p. 608.5000J.

[48] Nick G. Janakiefski, "The Unique Chemistry of Azelaic Acid," *NLGI Spokesman*, August 1997, pp. 14-24.

[49] "Cognis Expands Production of Azelaic Acid", *Business Wire*, October 3, 2001.

Interchangeability

Sebacic acid, adipic acid, azelaic acid, and Corfree® are each distinct chemical entities with defined physical characteristics and chemical properties. As noted in the original investigation, "literally speaking, there can be no direct substitute for sebacic acid because it has a distinct chemical composition."[50] In any given chemical formulation, sebacic acid itself will have limited substitutes, due to testing and reformulation costs. However, because sebacic acid is used principally as an input in further chemical manufacturing, derivatives of other chemicals may be substitutable for derivatives of sebacic acid in certain applications. For example, sebacate esters may compete with the chemical derivatives of adipic acid, azelaic acid, and dodecanedioic acid (e.g. Corfee®) as plasticizers. Derivatives of azelaic acid and Corfee® can similarly compete with sebacates in the production of corrosion inhibitors. Finally, nylon 6/10 (made from sebacic acid) can compete with other nylon-type resins, such as nylon 6/6, made with adipic acid.[51]

Customer and Producer Perceptions

Recipients of Commission questionnaires in the present review were asked to identify products that may be substituted for sebacic acid, and indicate the applications or end uses in which they may act as substitutes. *** identified adipic acid, azelaic acid, and "dodecane" as substitutes for sebacic acid, but did not indicate the applications in which they may act as substitutes. *** identified adipic acid, azelaic acid, and Corfree®, and reported the applications in which they may substituted for sebacic acid as follows: adipic acid - in Hot Melt Polyamide (HMPA),[52] esters, and nylons; azelaic acid - in HMPA; and Corfree® - in corrosion inhibitors. According to Cognis, the sole U.S. producer of azelaic acid, sebacic acid and azelaic acid are "***," albeit with differences in ***.[53]

One out of seven importers providing responses to the Commission's questionnaire in this review indicated that there are no substitutes for sebacic acid; a further four indicated that they did not know of any substitutes, or failed to address the question. *** identified three products as substitutes for sebacic acid, and reported the applications in which they can be substituted as follows: azelaic acid - in the production of esters; Corfree® - in metal treatment applications; and 2-ethyl hexanoic acid - as an antifreeze additive. The response of ***.

Seven out of 13 purchasers - two distributors and five chemical manufacturers - who submitted complete responses to the Commission's questionnaire identified azelaic acid as a substitute for sebacic acid. Reported applications in which it may act as a substitute included nylon 6/10, metal working fluids, corrosion inhibition, plasticizers, and industrial greases. Four purchasers - two distributors and two chemical manufacturers - identified Corfree® as a substitute for sebacic acid, with reported applications including metalworking fluids, corrosion inhibitors, and nylon 6/12. One purchaser, a manufacturer of ***, identified adipic acid as a substitute for sebacic acid. Four purchasers indicated that they knew of no substitutes for sebacic acid, and one did not address the question.

Three Chinese firms - one exporter and two producers of sebacic acid - responded to Commission questionnaires in the present review. *** identified azelaic acid, Corfree®, and the salts and esters of azelaic acid as substitutes for sebacic acid. According to ***, azelaic acid can be substituted for sebacic

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[50] *Sebacic Acid from The People's Republic of China, Investigation No. 731-TA-653 (Final)*, USITC Pub. 2793, July 1994, p. II-8.

[51] *Id.*, pp. II-8, 9, 30, and 31.

[52] HMPA is a resin used in industrial and consumer adhesives applications.

[53] Cognis's supplemental response to the Producers' Questionnaire, October 29, 2004, p. 5. In its response to Commission questions relating to this review, Cognis has argued that the domestic like product in the review should be expanded to include azelaic acid, and that the domestic industry should likewise be expanded to include itself. *Cognis' Response* to Commission questions, December 16, 2004, pp. 8-16.

acid in applications relating to the adhesives industry; Corfree® can act as a substitute in metal treatment/lubricant applications; and the salts and esters of azelaic acid can be used in lieu of sebacic acid (or its salts and esters) in the plasticizer industry. *** and *** both identified only azelaic acid as a substitute for sebacic acid. *** did not elaborate on specific applications in which the two may be substituted, while *** reported that azelaic acid "has the same applications with {*sic*} sebacic acid."[54]

Channels of Distribution

Much, if not most, of the adipic acid produced domestically is consumed captively.[55] Azelaic acid is sold by Cognis ***.[56] No information is presently available regarding channels of distribution for Corfree®.

Price

The selling price for commercial sales of adipic acid appears to be one-third that of sebacic acid.[57] The price of azelaic acid, in contrast, is reported to be *** percent higher than the price of sebacic acid.[58] No information is readily available regarding price levels for Corfree®.

U.S. MARKET PARTICIPANTS

U.S. Producers

Between 1991 and 2002, Union Camp of Wayne, NJ,[59] petitioner in the original investigation, was the sole U.S. producer of sebacic acid. In May 1999, Union Camp was acquired by Arizona of Jacksonville, FL, a subsidiary of International Paper.[60] Arizona ceased production of sebacic acid in December 2002, but continued to sell sebacic acid from inventory through 2003.[61] According to company officials, Arizona ***. The company no longer has any employees, facilities, or other resources in place for the production, sale, or marketing of sebacic acid, though it does import sebacic acid from *** for ***. Arizona submitted a response to the Commission's notice of institution in this review stating its position in favor of revocation of the antidumping order on sebacic acid from China.[62]

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[54] ***'s Foreign Producers'/Exporters' Questionnaire response, p. 15.

[55] SRI International, *Chemical Economics Handbook*, "Adipic Acid", p. 608.5000J.

[56] Cognis' supplemental response to the Producers' Questionnaire, p. 6. Cognis' response ***.

[57] *Chemical Marketing Reporter*, Weekly Price List, week ending December 27, 2004. The adipic acid price is listed as $0.77 per pound and sebacic acid as $2.10 per pound. The price of adipic acid (a petrochemical) has been more volatile recently than that of sebacic acid, and has moved up markedly over the review period.

[58] Cognis' price for azelaic acid ranged from $*** to $*** between 1997 and 2004. Cognis' supplemental response to the Producers' Questionnaire, p. 7.

[59] Union Camp produced sebacic acid and other castor oil products at its facility in Dover, OH.

[60] Founded by International Paper in 1930, Arizona is a leading global supplier of pine chemicals for the adhesives, inks and coatings, and oleochemicals industries. The company employs more than 1,600 people worldwide, and maintains considerable in-house expertise on sebacic acid production. Its products include fatty acids, rosins, and terepenes. *Arizona's Response* to the Notice of Institution, May 14, 2004.

[61] Arizona's decision to cease production of sebacic acid was based on the fact that ***. Attachment A to Arizona's Producers' Questionnaire response. Arizona estimates that ***. *Arizona's Response* to Commission questions, December 15, 2004, p. 1.

[62] *Arizona's Response* to the Notice of Institution, May 14, 2004.

Genesis began its involvement in the U.S. sebacic acid market as a ***. A privately held company, Genesis is wholly owned by ***.[63] *** entered the sebacic acid market ***.[64] Genesis began ***, making its first sale *** in April 2001. Believing ***, *** decided to invest in the establishment of a sebacic acid production capacity.[65]

Genesis began production of sebacic acid at its facility in Loveland, OH, in late 2002.[66] Thereafter, according to ***, the company experienced a steady decline in production, shipments, and capacity utilization. Genesis consumes *** sebacic acid internally, and, contrary to press reports, has ***.[67] Genesis ceased *** when it initiated U.S. production.

Genesis began producing sebacic acid at about the time that Arizona terminated its production (December 2002). For the next two years, Genesis was the sole U.S. producer of sebacic acid.[68] Genesis ceased production of sebacic acid in *** 2004. Company officials attribute Genesis' cessation of production to an inability to compete with lower priced sebacic acid imported from China.[69] With one exception, all equipment used in the manufacture of sebacic acid will continue to be used by ***; Genesis will therefore retain its sebacic acid production capacity. According to the company's president, Genesis could easily restore production of sebacic acid, and would do so if Commerce's current changed circumstances review resulted in a reinstatement of the antidumping duty order with respect to imports from Tianjin.[70] Genesis remains opposed to revocation of the antidumping duty order on sebacic acid from China.[71]

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[63] ***. *Staff Fieldwork Report*, October 14, 2004, p. 1.

[64] *Id*.

[65] Genesis' investment, estimated by its president to be $***, included ***. *Id*. Actual levels of Genesis' assets, capital expenditures, and research and development expenses allocated to sebacic acid are presented in Part III of this report.

[66] In its Producers' Questionnaire response, Genesis indicated that it initiated production of sebacic acid in August 2002, and achieved "full-scale" production in November 2002. Genesis' Producers' Questionnaire response, p. 16.

[67] A January 20, 2003 article from the *Chemical Market Reporter*, included in the responses of both Genesis and Arizona to the Commission's notice of institution, alluded to a joint venture between Genesis and a Chinese producer of castor oil, the primary raw material input in the production of sebacic acid. In an interview with Staff, Genesis' president attributed these "misleading" reports to the company's former president, who ***. *Staff Fieldwork Report*, October 14, 2004, p. 1.

[68] The *Chemical Market Reporter* article referenced above also identified CasChem, Inc., of Bayonne, NJ, as a firm that was, however briefly, producing sebacic acid in the United States in 2002. Although CasChem did invest some $*** in the establishment of a sebacic acid production capacity, the company ***. Telephone interview with ***, November 2, 2004. *See also* CasChem's Producers' Questionnaire response, pp. 5 and 7.

[69] *Genesis Notice of Withdrawal*, November 30, 2004.

[70] Telephone interview with ***, December 2, 2004. Subsequent to Commerce's reinstatement of the order with respect to exports from Tianjin, Genesis notified the Commission that it would require an antidumping duty margin of at least *** percent in order to resume production of sebacic acid. Genesis response to staff questions, April 11, 2005.

[71] Cognis, the sole U.S. producer of azelaic acid and a party to this review, also is opposed to revocation of the antidumping duty order. On October 6, 2004, Staff received notice of Cognis' interest in participating in the present review, as a U.S. producer of an alternative domestic like product (azelaic acid). Telephone correspondence with J. Gurley, Coudert Bros., counsel to Cognis, October 6, 2004. Following receipt of the Commission's Producers' Questionnaire, Cognis filed a (late) entry of appearance and provided the Commission with trade and pricing data for azelaic acid. Data provided by Cognis are presented in app. B as follows: table B-2 contains summary data including Arizona, Genesis, and Cognis within the category of "U.S. Producers;" summary data in table B-3 of the appendix include only Arizona and Cognis within the category of "U.S. Producers;" summary table B-4 contains

(continued...)

U.S. Importers

The original investigation identified 18 firms that imported sebacic acid in the period between 1991 and 1993. Of these, the majority reported importing sebacic acid exclusively from China, with others identifying Japan and Ukraine as import sources.[72] The majority of these importers were also based on the East Coast of the United States, in New York and New Jersey. Union Camp, then the sole U.S. producer of sebacic acid, was also *** importer of sebacic acid, accounting for *** of total imports in 1991 and 1992. Union Camp used sebacic acid in ***; its internal consumption, purchases, and direct imports of sebacic acid accounted for *** of apparent U.S. consumption between 1991 and 1993. Four other importers, ***, together with Union Camp accounted for *** of total U.S. imports between 1991 and 1993.[73]

In response to the Commission's notice of institution in the 1999 five-year review, Union Camp - then still the sole U.S. producer of sebacic acid - reported that it no longer imported sebacic acid.[74] It further identified ten U.S. firms it believed to be active importers of sebacic acid at the time of the review, including the four firms identified above.[75]

In the present review, importer questionnaires were sent to 20 firms identified by U.S. Customs and Border Protection ("Customs") as having imported merchandise under the HTS number covering sebacic acid between January 1999 and March 2004. Responses were received from 18 firms, with eight certifying no imports of sebacic acid between 1998 and June 2004, and nine firms providing usable import data.[76] The majority of these firms are headquartered on the east coast of the United States (four are in New York, one in North Carolina, one in South Carolina, one in Florida, one in Georgia, and one - *** - in Ohio). The nine importers, as well as their shares of sebacic acid imports in 2003, are presented in table I-3.

Table I-3
Sebacic acid: U.S. importers and shares of reported 2003 imports, by source

* * * * * * *

*** was by far the largest importer of sebacic acid in the period examined in this review (1998 through June 2004). Within this period, the company accounted for *** percent of subject imports, *** percent of nonsubject imports (including imports from Tianjin post-July 1, 2001), and *** percent of total U.S. imports from all sources. Between 1998 and 2001, *** accounted for *** percent of total U.S. imports of sebacic acid, and *** percent of subject imports. Over the entire period examined, the company was also responsible for *** percent of imports from Tianjin.[77] *** is the largest distributor of

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[71] (...continued)
data for Cognis alone.

[72] *Staff Report of June 17, 1994*, Memorandum INV-R-104, p. I-15.

[73] *Staff Report of June 17, 1994*, Memorandum INV-R-104, p. I-56.

[74] *Sebacic Acid From China, Investigation No. 731-TA-653 (Review)*, USITC Pub. 3189, May 1999.

[75] The other six firms identified by Union Camp in the 1999 review were, in alphabetical order: ***. *Staff Report of April 9, 1999*, Memorandum INV-W-065, p. I-10.

[76] One further firm, ***, reported that it imported *** pounds of sebacic acid from *** in 1999. The company did not, however, provide any import value, U.S. shipments, or inventory data. Its import quantity data were therefore unusable.

[77] Two other companies, *** and ***, imported small quantities of nonsubject sebacic acid from Tianjin in the first half of 2004. Together, their imports accounted for *** percent of imports from Tianjin in that period. *** otherwise accounted for *** imports from Tianjin between 1998 and 2003. According to a company official, ***
(continued...)

sebacic acid in the United States, accounting for *** percent of apparent U.S. consumption in 2003. The company consumes no sebacic acid internally.

*** was the second largest importer of sebacic acid from China within the period examined in this review, and the third largest importer overall, accounting for *** percent of total U.S. imports from all sources. The company's sebacic acid imports within this period were entirely of subject merchandise from China. *** and *** together accounted for *** percent of subject imports in the period examined,[78] with *** accounting for *** percent of subject imports in 2002, *** percent in 2003, and *** percent in the first half of 2004. *** reported *** imports between 1998 and 2001. The company consumes sebacic acid in the production of ***, and does not sell any sebacic acid commercially.

Three further companies, ***, imported sebacic acid in 2003, all from ***. *** imported sebacic acid from *** in every year between 1998 and 2003, with the exception of 2001. A wholly owned subsidiary of ***, *** acts as a distributor of imported sebacic acid in the United States, and consumes no sebacic acid internally. Between 1998 and 2003, ***'s imports of sebacic acid accounted for *** percent of total nonsubject imports. Over the entire period for which data were collected, *** accounted for *** percent of total U.S. imports, and *** of total nonsubject imports.

*** began importing sebacic acid in 2002, and continued to do so through June 2004. Its imports accounted for *** percent of nonsubject imports in 2002, *** percent in 2003, and *** percent over the entire period examined. *** is a wholly owned subsidiary of ***. According to the company's questionnaire response, its parent firm engages in the ***.[79] *** is a distributor of imported sebacic acid in the United States, and consumes no imported sebacic acid internally. Its imports of sebacic acid accounted for *** percent of total U.S. imports during the period for which data were collected.

*** imported sebacic acid throughout the period for which data were collected. The company is a wholly owned subsidiary of ***. Prior to the partial revocation of the antidumping duty order with respect to Tianjin in 2001, ***'s imports of sebacic acid from *** accounted for *** percent of total nonsubject imports. Over the entire period examined, *** was the second largest importer of nonsubject sebacic acid (behind ***), and the largest importer of non-Chinese sebacic acid. The company accounted for *** percent of reported nonsubject imports, and *** percent of total U.S. imports over the period examined.

*** imported sebacic acid only in 2001 and 2002. As stated earlier, the company's imports were entirely of nonsubject sebacic acid from ***. Its imports accounted for *** percent of nonsubject imports in 2001, *** percent in 2002, and *** percent over the entire period for which data were collected. *** consumes no sebacic acid internally, and ceased importing sebacic acid *** at the end of 2002. Over the entire period, *** imports accounted for *** percent of total U.S. imports of sebacic acid.

*** reported imports of sebacic acid in the first half of 2004, long after it had ***. Its imports, entirely of ***, accounted for *** percent of nonsubject imports in the first half of 2004, and *** percent of total U.S. imports in this period.

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[77] (...continued)
has no formal contractual relationship with Tianjin involving imports of sebacic acid into the United States. In practice, however, *** does act as an exclusive distributor of Chinese sebacic acid imported from Tianjin. Telephone interview with ***, November 1, 2004.

[78] One other firm, ***, imported *** pounds of subject sebacic acid in the first half of 2004. Its imports accounted for *** percent of total subject imports over the period examined. According to the company's questionnaire response, ***. *** Importers' Questionnaire response, p. 9.

[79] *** does not, however, import sebacic acid produced by its parent firm into the United States. According to its questionnaire response, ***'s imports are manufactured by ***.

U.S. Chemical Manufacturers Using Sebacic Acid

Between 1991 and 1993, the period examined in the original investigation, seven chemical manufacturers accounted for close to 80 percent of U.S. sebacic acid consumption.[80] Domestic producer Union Camp was also *** consumer of sebacic acid, followed by ***. No consumption data were collected in the Commission's first (expedited) five-year review.

In the present review, the Commission received questionnaire responses from end users whose reported purchases of sebacic acid were collectively equivalent to 84 percent of U.S. commercial shipments of sebacic acid in 2003. With the exception of Union Camp, the composition of the U.S. consumer market for sebacic acid has remained largely unchanged in the last ten years. *** was *** consumer of sebacic acid in 2003. The company's purchases of sebacic acid, used in the production of nylons, accounted for *** percent of the U.S. market in 2003. *** was followed by *** and ***, each of which accounted for *** percent of apparent U.S. consumption. *** also uses sebacic acid in the production of nylons, while *** uses it in the production of adhesives.

***, a producer of sebacate esters, accounted for *** percent of apparent U.S. consumption of sebacic acid in 2003, while *** - also a producer of sebacates - accounted for a further *** percent. ***, a producer of sebacates, and ***, a producer of automobile coolant, each accounted for *** percent of apparent U.S. consumption of sebacic acid in 2003. Six other firms collectively accounted for *** percent of the U.S. market for sebacic acid in 2003.

U.S. Sebacic Acid Distributors

Six companies have been identified in the present review as distributors of sebacic acid in the United States. *** was also the largest distributor of sebacic acid in the United States. Its commercial shipments accounted for *** percent of apparent U.S. consumption in 2003. *** was the second largest distributor of sebacic acid in the period examined. Its reported purchases of sebacic acid in 2003 were equivalent to *** percent of apparent U.S. consumption.[81] [82] *** was followed by ***, whose commercial shipments accounted for *** percent of apparent U.S. consumption of sebacic acid in 2003.

Shipments by *** and ***, both importers of sebacic acid from ***, accounted for a further *** and *** percent, respectively, of apparent U.S. consumption in 2003. Both companies sell their imported sebacic acid entirely to ***. *** was the final distributor of sebacic acid identified in this review. Its purchases of imported and U.S.-produced sebacic acid were equivalent to *** percent of apparent U.S. consumption in 2003.[83]

U.S. Government

In 1962, the U.S. Government established a stockpile of sebacic acid for use in civilian and certain military applications.[84] Several million pounds of sebacic acid were held in this stockpile, maintained by the Defense Logistics Agency (DLA), at the time of the original investigation. The level of the DLA's stockpile has decreased in every year since. Between 1994 and 1999, it decreased from 4.2

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[80] *Staff Report of June 17, 1994*, Memorandum INV-R-104, p. I-16.

[81] In its response to the Commission purchasers' questionnaire, *** identified itself as a "distributor," and unless the company stores large amount of sebacic acid in inventory, its purchases are indicative of its sales in the United States.

[82] ***. Telephone interview with ***, December 21, 2004.

[83] Two further companies, *** and ***, reported importing *** of sebacic acid in the first half of 2004 for resale in the United States. Both companies stated in their questionnaire responses that their imports ***.

[84] *Staff Report of June 17, 1994*, Memorandum INV-R-104, p. I-18.

million to 2.4 million pounds. Since 1999, the DLA has made sales of sebacic acid from its stockpile in every fiscal year except 2002. It made its final sale in April 2004; the stockpile is at present fully depleted.[85] Only four firms responding to Commission questionnaires in the present review reported having purchased sebacic acid from the DLA stockpile since 1994.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-4 presents apparent U.S. consumption of sebacic acid for the review period and table I-5 presents U.S. market shares for the same period. The quantity of apparent U.S. consumption exhibited an irregular pattern over the period examined, increasing steadily between 1998 and 2000, falling by *** between 2000 and 2001, then resuming a steady increase between 2001 and 2003. The value of apparent U.S. consumption exhibited a similar trend, though with a more *** increase between 2001 and 2003. The quantity and value of apparent U.S. consumption were lower in 2003 than in 1998, by 5 and 19 percent, respectively.

U.S. producers' share of the U.S. market (based on quantity) declined from *** percent of apparent U.S. consumption in 1998 to *** percent in 2003. By the first half of 2004, this share had declined to less than *** percent. U.S. producers' loss of market share over the period examined was matched by an increase in the shipments of nonsubject imports. Shipments of nonsubject Chinese imports, non-existent prior to July 2001, accounted for nearly *** of apparent U.S. consumption in 2003 and *** percent of apparent U.S. consumption in the first half of 2004 (by quantity). Similarly, shipments of imports from nonsubject countries increased from *** percent of apparent U.S. consumption in 1998 to *** percent in 2003. Subject imports from China, meanwhile, remained relatively stable between 1998 and 2003, decreasing from *** percent to *** percent of apparent U.S. consumption. Shipments of subject imports did, however, increase *** in the first half of 2004, accounting for *** percent of the U.S. market.

Table I-4
Sebacic acid: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Table I-5
Sebacic acid: U.S. market shares, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

[85] E-mail from Frank Ringquist, DLA Analyst, November 2, 2004.

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

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Arizona halted production of sebacic acid in December 2002, but continued to sell from inventory until fully depleted by 2004. Arizona reported that when actively marketing sebacic acid, its shipments of domestically produced sebacic acid were made to customers for use in the production of *** (*** percent), *** (*** percent), *** (*** percent), *** (*** percent), and *** (*** percent). The remaining U.S. producer, Genesis, reported that its shipments of domestically produced sebacic acid generally are made to customers for use in the production of *** (*** percent) and *** (*** percent).

Of responding importers, three (***) reported that their U.S. commercial shipments of sebacic acid imported from China were made to customers for use in nylon production, plasticizer production, antifreeze production, resin/coatings/adhesives production, as a plastics additive, and metal treatment. One importer (***) responded that all of its shipments of sebacic acid imported from China went into nylon production. A second importer (***) indicated that only *** percent of its shipments were made to customers for use in nylon production; *** percent of its shipments went into plasticizer production; *** percent was used to produce resin/coatings/adhesives; another *** percent was used in the production of antifreeze; *** percent was used as a plastics additive; and another *** percent was used in metal treatment. A third firm (***) reported that all of its commercial shipments of sebacic acid imported from China went into the production of antifreeze.

*** reported that they served the national market for sebacic acid, as did U.S. importer ***. Another two importers (***) reported that their firms serve the market area in the Southeast United States, while *** indicated that it serves the Midwest United States. U.S. importer (***) reported that it has discontinued business with a single customer in the Mid-Atlantic States.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Following the recent cessation of production by Genesis, it is not possible to gauge the current responsiveness of the domestic sebacic acid industry to changes in U.S. demand. Based on the U.S. industry structure just prior to Genesis exiting the industry, staff considered at that time that a smaller scale, emerging U.S. producer such as Genesis might have been able to respond to demand changes with moderate changes in shipments of U.S.-produced sebacic acid to the U.S. market.[1] Factors contributing to the degree of responsiveness of supply are discussed below.

[1] Several purchasing firms commented on changes in factors affecting supply of U.S.-produced sebacic acid since 1994. The most frequently mentioned change was that Arizona ceased production of sebacic acid in December 2002, followed by various mentions of a possible new U.S. producer, i.e. Genesis. In its response to the same question in the initial Commission questionnaires returned in October 2004, Genesis indicated that increased Chinese imports have caused U.S. producers to cease production, citing Union Camp, Arizona, and Caschem, leaving Genesis as the sole U.S. producer at that time.

Industry capacity and inventory levels

U.S. producers' reported capacity utilization for sebacic acid decreased from *** percent to *** percent over the entire 1998-2003 period, reaching *** percent by the first half of 2004. However, the structure of the U.S. industry over this time reflected unusual circumstances that may affect such measurements. During this period, the sole U.S. producer (first Union Camp, which was then purchased by Arizona) exited the business, ceasing production in December 2002, although continuing to sell sebacic acid from inventory until it depleted its inventories in ***.

Simultaneous with Arizona's exit from the industry, Genesis entered the business to become the sole U.S. producer, beginning full-scale production by November 2002.[2]

Genesis subsequently also exited the business, halting production in *** 2004 according to its letter of December 13, 2004, to the Commission. In its letter, Genesis stated that it could resume production within 72 hours upon receipt of the necessary raw materials (***), although additional factors might also be necessary to resume production, such as stronger market conditions.

Alternative markets

Domestic producers' exports of sebacic acid (as a percentage of their total shipments) decreased between 1998 and 2003, declining from *** percent in 1998 to *** percent in 2003. The moderate level of exports during the period might indicate that domestic producers had the ability to shift shipments between the United States and other markets in response to price changes. In response to a question on the ease of shifting sales to or from the U.S. market, however, the former U.S. producer, Arizona, reported that ***. Indeed, Genesis, until recently the sole remaining U.S. producer, indicated that it ***.

Inventory levels

Overall, across the entire 1998-2003 period, moderate-to-large inventories relative to total shipments indicate that the U.S. industry might have been able to respond to changes in demand with relatively large changes in the quantity shipped. Inventories were equivalent to *** percent of U.S. producers' total shipments in 1998 and *** percent in 2000, during the period when Arizona was producing sebacic acid. However, once Arizona ended sebacic acid production and Genesis began production in 2002, inventories-to-shipments were *** equivalent to *** percent of total shipments in 2002, falling to *** percent in 2003, and rising to *** percent by the first half of 2004. However, in the second half of 2004, Genesis sold off much of its remaining stocks of sebacic acid. By mid-December 2004, the company had only *** pounds of sebacic acid on hand.[3]

Production alternatives

Genesis reported that it can produce other products using the same equipment and labor that is used to produce sebacic acid, although it did not specifically mention the products. To the extent that it

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[2] Consequently, as a result of Arizona exiting the business, the level of capacity utilization for the U.S. sebacic acid industry fell from that of a full-line, long-time producer (with an average annual capacity during 1998-2002 of more than *** pounds) to a capacity level of an emerging producer (with an average annual capacity in 2003 of not quite *** pounds). Moreover, the extent to which the new U.S. producer, Genesis, had *** may also have constrained its supply responsiveness.

[3] Letter from C. Winfield Scott, president, Genesis, December 13, 2004.

can shift production, the supply responsiveness will be enhanced. Genesis has noted that, although it is not currently producing sebacic acid, all of the production equipment remains in place ***.[4]

Subject Imports

Very sparse information is available from foreign producers on supply factors, such as capacity utilization and shipments. Only one exporter, Hengshui Jinghua, reported capacity and actual production data, citing an average production capacity of *** metric tons in 2001, and *** metric tons in 2002 and 2003; and actual production of *** metric tons in 2001; *** metric tons in 2002; and *** metric tons in 2003.

Only two exporters, Hengshui Jinghua and Sinochem Guangdong, provided shipment data. Hengshui Jinghua reported worldwide shipments totaling *** metric tons in 2001; *** metric tons in 2002; and *** metric tons in 2003; reaching *** metric tons during January-June 2004. Of these shipments, this firm reported only *** metric tons were exported to the United States in 2003 (*** percent). Sinochem Guangdong reported *** shipments worldwide totaling *** metric tons in 2000; *** metric tons in 2001; *** metric tons in 2002; and *** metric tons in 2003; reaching *** metric tons during January-June 2004. Of these shipments, this firm exported an average annual quantity of *** metric tons (ranging from *** metric tons) to the United States, approximately *** percent of its export volume in 2003.

U.S. Demand

Based on available information, sebacic acid consumers are likely to respond to changes in the price of sebacic acid with moderate changes in their purchases of sebacic acid. The main contributing factor to this lack of responsiveness of demand is its relatively low to moderate cost share.

Demand Characteristics

U.S. demand for sebacic acid depends on the level of demand for downstream products using sebacic acid. Sebacic acid is used in the production of nylon, plasticizers, plastics additives, adhesives/resins/sealants, as well as directly in formulated products such as antifreeze, coolants, cutting and metalworking fluids, etc., where manufacturing activity levels are the main determinant of consumption.

*** reported that demand within the United States for sebacic acid has decreased since 1994. This firm indicated that, despite increases in nylon and corrosion inhibitor demand, plasticizer production moved offshore to China, Canada, and Mexico to gain access to lower cost sebacic acid, that is, purchases with no tariffs. *** stated that it did not anticipate any future changes in sebacic acid demand in the United States.

*** reported that demand within the United States for sebacic acid has increased since 1994, which this firm attributes principally to increased overall economic activity. *** reported that it anticipates a growing economy to increase demand for metalworking, which it expects should create added demand for sebacic acid.

Five importers (***) indicated no changes in the end uses of sebacic acid since 1994. *** indicated that use of sebacic acid as an antifreeze additive appears to have increased.

None of the seven responding importers responded that they anticipate any changes in the end uses of sebacic acid in the future.

[4] Letter from ***, president, Genesis, December 13, 2004.

Seven of 12 responding purchasers stated that demand for sebacic acid within the United States has increased since 1994, whereas the remaining purchasers reported that demand has decreased.[5] The principal factors cited for increased demand included increased economic growth with few feasible alternative substitutes, as well as more specifically an increase in overall market demand for lithium soap blends. A number of the companies reporting increased growth (***) were generally lower volume consumers.

Principal factors cited for decreased demand for sebacic acid within the United States included a decline in the paper/machine/clothing industry in the United States and the existence of the antidumping duties. Purchasers needing sebacic acid for their own end use manufacture, such as ***, that responded that demand was decreasing for sebacic acid, were generally higher volume consumers involved in nylon, plasticizer, and adhesives production.

Half (***) of 12 purchasers responded that they did not anticipate any future change in demand for sebacic acid in the United States. The remaining six purchasers (***) reported that the market for sebacic acid was price sensitive and very competitive with regard to changes in the industry; that overall economic growth was likely to lead to increased demand for sebacic acid, in particular, a growing Asian economy may increase demand for nylon 6/10 products; and that revocation of the antidumping duty order may encourage domestic plasticizer production.

Substitute Products

*** listed, in order of importance, in its purchasers' questionnaire three products that may be substituted for sebacic acid: (1) azelaic acid, (2) adipic acid, and (3) DuPont's Corfree®. *** indicated that azelaic acid could be used as a substitute in HMPA (Hot Melt Polyamide); that adipic acid could be used as a substitute for HMPA, esters, and nylon; and that Corfree® could be used as a substitute in corrosion inhibitors. *** reported that changes in the price of these substitute products have "not signficantly" affected the price for sebacic acid, nor have there been any changes in the number or types of products that can be substituted for sebacic acid since 1994. *** reported (1) adipic acid, (2) azelaic acid, and (3) dodecane[6] as substitute products for sebacic acid in all three of its questionnaires ***.[7] *** indicated it was "not sure" what applications or end uses were possible for these substitutes, and that it was "not sure" whether changes in the price of these substitute products affected the price for sebacic acid since 1994. The firm reported that there had not been any changes in the number or types of products that can be substituted for sebacic acid since 1994.

Three importers reported products that may be substituted for sebacic acid. *** listed, in order of importance, (1) adipic acid C-6, (2) azelaic acid C-8, and (3) dodecane C-12. *** listed (in order of importance) (1) azelaic acid, (2) DDDA, and (3) 2-ethyl hexanoic acid. A third importer, ***, indicated only azelaic acid as a possible substitute. One importer, ***, gave examples of possible applications for substitutes in end-use products such as: (1) in metal treatment, replacing sebacic acid with dodecandioic acid; (2) in antifreeze production, replacing sebacic acid with 2-ethyl hexanoic acid; or (3) replacing di-octyl sebacate with di-octyl azelate. Another importer (***) reported that 6/9 and 6/10 polymers are interchangeable for packaging applications as filament. Regarding the effect that price changes for

[5] *** reported that U.S. demand had increased, while *** reported that demand had decreased.

[6] "Dodecane," "dodecane C-12," and "DDDA" appeared in the questionnaires by *** and others as informal synonyms for the same material–dodecanedioic acid–although chemically they are not all identical. In addition, Corfree® is a proprietary product of Invista, formerly a part of E.I. DuPont de Nemours & Co., whose primary constituents include ***.

[7] Several respondents returned more than one questionnaire in their mulitiple capacities as producer, purchaser, and/or importer of sebacic acid. ***.

substitute products might have on the price of sebacic acid, *** responded that, as the price of azelaic acid increased, more users substituted sebacic acid and sebacates for azelaic acid and azelates.

Regarding changes in substitute products for sebacic acid since 1994, one importer (***) reported that it believes 2 ethyl-hexanoic acid is available at a lower cost than sebacic acid. Two other importers (***) responded that there had been no changes. None of the six responding importers (***) anticipated any changes in the terms of the substitutability of other products for sebacic acid in the future.

Among distributors of sebacic acid, *** responded that it was "not sure" what products or applications were possible with the three substitutes for sebacic acid that it noted. *** indicated that DDDA and azelaic acid were possible substitutes for sebacic acid. *** reported that DDDA used in the production of nylon 6/12 could compete with nylon 6/10 produced with sebacic acid, and dioctyl azelate plasticizer could compete with dioctyl sebacate. *** listed dodecanedioic acid and azelaic acid as possible substitutes, listing possible applications and end uses in metalworking fluids and industrial greases.

Among end users of sebacic acid for either nylon or plasticizer production, *** and *** identified only azelaic acid as a possible substitute for sebacic acid. *** responded that azelaic acid could have application in producing a 6/9 versus a 6/10 polymer for monofilament or packaging applications. The firm responded that this substitute product "worked great as a replacement in some end uses." The remaining purchasers, involved mostly in plasticizer production, did not provide any information in response to the question about possible applications for substitutes.

Among "other" end users of sebacic acid involved in metalworking fluids or automotive use, *** identified Corfree® (M1) and azelaic acid as possible substitutes for use in metalworking, but noted that "performance and economics would suffer" with these substitutes. A second company (***) identified azelaic acid and di-butyl sebacate as substitute products, with possible application in industrial greases. A third purchaser (***) identified DDDA for use as a corrosion inhibitor in metalworking fluids. A fourth purchaser (***) identified no substitutes or possible alternate applications.

Among "other" end users involved mostly in adhesives/sealants/resins manufacturing, *** reported that azelaic acid and adipic acid were possible substitutes but did not provide examples of applications or end uses for these substitutes. A second purchaser in this group (***) identified azelaic acid, adipic acid, and Corfree® as substitutes involved in, respectively, HMPA production; HMPA/esters/nylon; and corrosion inhibitors.

All 12 responding purchasers indicated that there had been no changes in the number or types of products that can be substituted for sebacic acid since 1994. Ten responding purchasers also indicated that they did not anticipate any changes in terms of the substitutability of other products for sebacic acid in the future. However, three purchasers commented on possible developments regarding substitute products in the future. One purchaser, ***, reported that undecanedioic acid has recently become available via new technology, and has corrosion inhibitor properties similar to sebacic acid. Another purchaser, ***, indicated that if azelaic acid prices increase again, for example on the order of 15 percent, there could be a move to substitute sebacic acid from higher priced azelaic acid. A third purchaser, ***, projected that, if sources and supplies of sebacic acid decrease, causing prices of sebacic acid to increase, alternative chemistries are likely to surface.

Cost Share

Price changes for sebacic acid will likely have only a small effect on consumption of sebacic acid because it accounts for a relatively small to moderate percentage of the total cost of the end products in which sebacic acid is used. Purchasers were asked to provide information on the cost share of sebacic acid relative to the end products in which it is used. *** reported that *** percent of the total cost of its nylon 6/10 production is accounted for by sebacic acid. *** indicated that sebacic acid constituted *** percent of its dioctyl sebacate production. *** indicated that sebacic acid constituted *** percent of its

dioctyl sebacate production. *** indicated that sebacic acid formed *** percent of its plasticizer production.

*** reported that sebacic acid accounts for *** percent of the total cost of its copolymer 6/10 production and *** percent of its copolymer "film." *** reported that nearly *** percent of the cost of its proprietary product (***) is accounted for by sebacic acid. *** reported that *** percent of its hot melt polyamide (HMPA) production cost is accounted for by sebacic acid. *** responded that sebacic acid was involved in *** percent of its adhesives manufacture. *** reported that sebacic acid constituted *** percent of the total cost in its production of lithium complex greases. *** indicated that sebacic acid constituted *** percent of its metalworking fluids, and *** reported as well that *** percent of the cost of its metalworking fluids was accounted for by sebacic acid. *** indicated that sebacic acid constituted approximately *** percent of its antifreeze production, whereas *** reported that sebacic acid constituted *** percent of the total cost of its antifreeze product.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported sebacic acid depends upon such factors as relative prices, quality (e.g., availability, reliability of supply, grade standards, etc.), and conditions of sale (e.g., price/volume discounts or rebates, lead time between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that, for general applications, there is a high level of substitutability between domestically produced sebacic acid and imported sebacic acid from the subject country and other import sources; however, for applications requiring very high quality sebacic acid, the degree of substitution may be reduced.[8]

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm when purchasing sebacic acid (table II-1).

Table II-1
Sebacic acid: Ranking of factors used in purchasing decisions

Factor	First	Second	Third
	Number of firms responding		
Quality[1]	8	1	2
Price	2	5	3
Availability	1	2	3
Delivery	0	1	1
Service	0	2	0
Other (prearranged contracts, credit terms, product line)	2	1	2

[1] Quality includes factors such as: purity, color, ash content, and moisture content.

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

Purchasers were asked what factors determined the quality of sebacic acid. Major factors mentioned included quality, price, availability, and delivery. Of the 14 purchasers responding, six (***)

[8] This discussion is based on the previous market structure where a U.S. producer was in operation; with no current U.S. production of sebacic acid, no substitution is possible between domestic and importer product.

cited purity as the prime characteristic determining the quality of sebacic acid; four firms (***) cited color; four (***) cited ash content; two firms–***–cited the consistency of quality; and another two firms–***–cited the physical form (such as powder form) as important characteristics determining the quality of the sebacic acid purchased. Two other firms mentioned characteristics of the sebacic acid's flow properties (***) and its saponification number (***).

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced sebacic acid. No purchasers reported always purchasing the lowest priced product; six (***) usually purchased the lowest priced product; four (***) sometimes purchased the lowest priced product; and three other purchasers (***) reported that they never purchased the lowest priced product. Several firms gave various reasons for purchasing sebacic acid from one source even if comparable product was available elsewhere at a lower price. *** indicated that the delivery form of 50-pound bags from the U.S. producer was a reason, as this purchaser is unable to handle the 2,000-pound supersacks. *** reported that it continues to purchase domestically produced sebacic acid at a higher price primarily for loyalty to domestic firms.

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-2). As can be seen in table II-2, a majority of purchasers reported that factors such as product availability, lower price, product consistency, quality (which meets industry standards), and reliability of supply were important in their purchasing decisions.

Purchasers were asked for a country-by-country comparison on the same 15 factors (table II-3). For the U.S. product compared to the Chinese product, the most frequently reported difference in the factors was that the U.S. product was superior to the Chinese product in delivery time, while the Chinese product was reported to be superior to the U.S. product for lowest price and discounts offered.

Of the responding purchasing firms, most firms reported that they found Chinese sebacic acid to be comparable to U.S. sebacic acid on the basis of credit extension, minimum quantity requirement, packaging, product consistency, quality that meets or exceeds industry standards, product range, and U.S. transportation costs. Several firms responded that they found U.S. sebacic acid superior to Chinese sebacic acid in terms of delivery time and terms, while two mentioned availability and reliability of supply, price, quantity requirements, packaging, product range, technical support, and U.S. transportation costs. Five firms remarked that U.S. sebacic acid is inferior to Chinese sebacic acid in price, while three mentioned discounts and delivery time.

Purchasers also were asked if certain grades, types, or sizes of sebacic acid were only available from a single source. Seven purchasers (***) reported that certain grades/types/sizes of sebacic acid were not limited to a single source. Five purchasers (***), however, reported that there were differences in grades among suppliers. One purchaser, ***, stated that it evaluates both low and high grade Chinese sebacic acid, with purity the main difference, although the firm prefers the low grade for cost reasons. Two other purchasers (***) responded that they needed high purity sebacic acid which essentially came from Japan (e.g., Kokura and Hokoku grade). Another purchaser, ***, reported that Genesis has not produced a granular form of sebacic acid recently.

Purchasers were asked if they required certification or prequalification for sebacic acid. All purchasers reported that they require their suppliers to be certified regarding quality, chemistry, strength, or other performance characteristics of the sebacic acid they sell. Most purchasers stated that they require production samples to be evaluated by laboratory analysis, with several purchasers requiring an ISO 9001 certification. Purchasers indicated that the time required to certify a supplier or qualify its production through laboratory analysis can take 10 days to 6 weeks, with qualification of the production quantities shipped lasting anywhere from 1 month up to as long as 12 months.

Purchasers were asked what factors they considered in qualifying a new supplier. The most commonly mentioned consideration that purchasing firms indicated was important when qualifying a new

Table II-2
Sebacic acid: Importance of purchase factors, as reported by U.S. purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Product availability	15	0	0
Delivery terms	6	8	1
Delivery time	8	7	0
Discounts offered	5	9	1
Extension of credit	6	6	3
Lower price	13	2	0
Minimum quantity requirements	3	8	4
Packaging	6	9	0
Product consistency	15	0	0
Quality meets industry standards	14	0	0
Quality exceeds industry standards	6	4	4
Product range	1	8	6
Reliability of supply	15	0	0
Technical support/service	3	7	5
Lower U.S. transportation costs	3	8	4

Note.–Not all purchasers responded for each factor.

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

supplier was the quality of product. The reliability of the supplier's deliveries was mentioned most frequently after quality. Price was also mentioned as a factor that was considered. The estimated time to qualify a new supplier was typically one to three months, although qualifying supplier performance might take up to a year according to one firm.

Purchasers were asked if any suppliers had failed to qualify their product or lost their approved status. Whereas most purchasers reported that no producers, domestic or foreign, have failed to be certified or lost certified status to deliver sebacic acid, a few did. One purchaser, ***, reported quality problems with suppliers of product from India. A second purchaser, ***, reported quality problems with sebacic acid from China for use in nylon production, although it reported new high quality sebacic acid from China being tested at present. A third purchaser, ***, mentioned Arizona leaving the business. A fourth purchaser, ***, indicated that U.S. producers cannot meet its quality requirements.

Purchasers were asked a number of questions about whether their purchasing patterns for sebacic acid from subject and nonsubject sources had changed since 1998. Of responding purchasers, 13 reported that they purchased no sebacic acid from China before 1994. Three firms reported that they had. The three (***) responded that their purchasing patterns remained essentially unchanged. Of the

Table II-3
Sebacic acid: Comparisons of product by source country, as reported by purchasers

Factor	U.S. vs. China		
	Superior	Comparable	Inferior
	Number of firms responding		
Product availability	2	4	2
Delivery terms	3	4	1
Delivery time	4	1	3
Discounts offered	1	4	3
Extension of credit	1	7	0
Lower price	2	1	5
Minimum quantity requirements	2	6	0
Packaging	2	6	0
Product consistency	1	6	1
Quality meets industry standards	1	6	1
Quality exceeds industry standards	1	6	1
Product range	2	6	0
Reliability of supply	2	5	1
Technical support/service	2	5	1
Lower U.S. transportation costs	2	6	0

Note.–Superior=U.S. product is superior; Comparable=Both countries' products are comparable; Inferior=U.S. product is inferior.

Note.–Not all companies gave responses for all factors.

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

purchasers that provided information, seven[9] reported that they did not purchase from any nonsubject foreign sources, either before or after the antidumping order. The remaining seven firms[10] stated that their purchasing pattern (with regard to nonsubject imports) remained unchanged. Four purchasers reported that they changed their purchasing patterns from nonsubject countries for reasons other than the antidumping order. *** responded that the Japanese sebacic acid producers were no longer competitive. *** indicated that it purchased primarily domestic sebacic acid from Arizona until that company exited the business. This firm then attempted to evaluate the sebacic acid from Genesis but found Genesis to be unreliable and so discontinued its approval process. *** indicated that it stopped purchases from India

[9] ***.

[10] ***.

because of high import duty charges. *** responded that it sought to complement its business line in the Midwest with distribution of sebacic acid, which in turn led to discussions with Genesis at one point.

Purchasers were asked how frequently they and their customers purchased sebacic acid from specific producers and from specific countries (table II-4). Most purchasers reported that they always or usually make purchasing decisions involving sebacic acid based on the manufacturer, although five responding firms reported that their purchasing decisions accounted for this factor only sometimes or never. Most purchasing firms reported that their customers did not make their purchasing decisions based on the manufacturer of the sebacic acid, although a number of firms reported that their customers would take this into account.[11] The vast majority of purchasers themselves sought to ensure the quality of the product received from their suppliers, rather than at their customers' behest, in particular when purchasers had special requirements for their sebacic acid, such as low ash and low yellow index.

Table II-4
Sebacic acid: Importance of country or origin and name of producer, as reported by purchasers

	Always	Usually	Sometimes	Never
Item	*Number of firms responding*			
Purchaser makes decision based on producer	5	5	3	2
Purchaser's customer makes decision based on producer	0	4	2	7
Purchaser makes decision based on country	2	2	5	6
Purchaser's customer makes decision based on country	0	1	2	10
Source: Compiled from data submitted in response to Commission questionnaires.				

Several purchasing firms said that they and their customers generally do not make purchasing decisions involving sebacic acid based on the country of origin of the product. For those firms making purchasing decisions based on country of origin, a supplier's access to raw materials was an important indicator of consistent supply or that certificates received from the supplier qualifying its product would meet the purchaser's special requirements.

Most purchasing firms reported that they contact one or two suppliers before making a purchase; one (***) explained further that it only contacts one now but contacted two when Arizona was still doing business. Only four purchasers (***) said they contacted more than two (but no more than four) suppliers before making a purchase.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers, importers, and purchasers were asked to report how frequently sebacic acid from different countries were used in the same applications (table II-5). If purchasers reported that products from different countries were not always used in the same application, they were asked to explain why. *** reported that domestic and Chinese sebacic acid are always used interchangeably. U.S. importer *** reported that the two products were frequently interchangeable, while importer *** responded that U.S. and Chinese product were never interchangeable in its experience. In addition, *** reported that U.S.

[11] For their customers, one purchasing firm (***) mentioned that some customers may prefer a domestic producer of sebacic acid for issues surrounding possibly greater certainty of supply.

Table II-5
Sebacic acid: U.S. purchasers' perceived degree of interchangeability of products produced in the United States and other countries

	U.S. producers					U.S. importers					U.S. purchasers				
Country comparison[1]	A	F	S	N	0	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	2	0	0	0	0	1	1	0	1	0	6	3	1	0	1
U.S. vs. Nonsubject	0	1	0	0	1	0	1	2	0	2	2	2	1	0	4
China vs. Nonsubject	0	0	1	0	1	0	0	1	0	1	2	3	0	1	4

[1] Producers, importers, and purchasers were asked if sebacic acid produced in the United States and in other countries is used interchangeably.

Note.– A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

and Chinese product were always interchangeable. Most purchasers (nine of 11) reported that domestic and Chinese sebacic acid were always or frequently used interchangeably.

With regard to interchangeability between domestic and nonsubject sebacic acid, one U.S. producer reported that the two products were frequently substitutable. Importers reported that these two products were frequently (one firm) or sometimes (two firms) used interchangeably. Purchasers stated that U.S. and nonsubject sebacic acid were always (two firms), frequently (two firms), or sometimes (one firm) used interchangeably.

In response to these questions on interchangeability, three importers (***) and two purchasers (***) provided additional comments. *** stated that the U.S. product cannot met high purity, low color, and melting point requirements on a consistent basis, while sebacic acid from Japan can. The same importer remarked that U.S. product in general is superior to Chinese product, as the Chinese sebacic acid does not meet the low color or melting point specifications. *** reported that Chinese sebacic acid has been very consistent and high quality over the years, with a higher percent C-10 content and a lower ash content. *** commented that it can only use the Chinese product. One purchaser (***) reported that it requires extremely high purity of its product destined for specialized polymer production. A second purchaser (***) reported that Chinese and Korean sebacic acid appear to be interchangeable for its purposes.

Producers and importers were asked to assess how often differences other than price were significant in sales of sebacic acid from the United States, the subject country, or nonsubject countries. *** responded that factors other than price between U.S. and Chinese sebacic acid were frequently significant. According to ***, such non-price factors between U.S. and nonsubject countries were sometimes significant in its sales of sebacic acid. Non-price factors between Chinese and nonsubject countries' sebacic acid were frequently significant, according to ***.

*** reported that differences other than price between sebacic acid produced in the United States and in China were always a significant factor in its sales of sebacic acid. *** indicated it had no familiarity with comparisons to sebacic acid from nonsubject countries to either U.S. or Chinese product.

ELASTICITY ESTIMATES

This section discusses elasticity estimates. Parties were requested to provide comments in their prehearing briefs.

U.S. Supply Elasticity[12]

The domestic supply elasticity for sebacic acid measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of sebacic acid. The elasticity of domestic supply depends on several factors including the industry's capacity level, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced sebacic acid. In the prehearing report, staff indicated that the U.S. industry could have a moderate ability to increase or decrease shipments to the U.S. market, suggesting an estimated range of 2 to 4. In light of the fact that Genesis is not currently producing sebacic acid, no estimate is given.

U.S. Demand Elasticity

The U.S. demand elasticity for sebacic acid measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of sebacic acid. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of sebacic acid in the production of any downstream products. Based on the available information, the aggregate demand for sebacic acid is likely to be in a range of 0.75 to 1.25.[13]

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[14] Product differentiation, in turn, depends upon such factors as quality and conditions of sale. In the prehearing report, staff estimated domestic supply elasticity between domestic and subject sebacic acid was likely to be moderately large, in the range of 3 to 6. Because Genesis is not currently producing, no estimate is given.

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[12] A supply function is not defined in the case of a non-competitive market.

[13] *** distributor of sebacic acid in the United States, reported no reduction in shipments or customer base four months after instituting an across-the-board price increase of *** cents per pound in December 2004. Telephone interview with ***, April 6, 2005.

[14] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: U.S. PRODUCERS' OPERATIONS

As noted earlier in this report, there are no companies currently producing sebacic acid in the United States, and only one company (Genesis) capable of producing it.[1] Arizona, the sole U.S. producer at the time of the original investigation, exited the industry in late 2002. Genesis began producing sebacic acid at its facility in Loveland, OH, at about the same time as Arizona exited the industry, and ceased production in *** 2004. Unless otherwise stated, U.S. industry data presented in this section for the period between 1998 and 2002 are largely attributable to Union Camp/Arizona, while data for the period between January 2003 and June 2004 are increasingly attributable to Genesis.

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

Data on Arizona and Genesis' sebacic acid capacity, production, and capacity utilization are presented in table III-1. The capacity, production, and capacity utilization of the U.S. sebacic acid industry varied *** within the period examined, due in part to the entry of Genesis and exit of Arizona. Between 1998 and 2002, when it ceased production, Arizona's production capacity increased *** from *** to approximately *** pounds. The company's capacity utilization held steady at around *** percent from 1998 through 2000, then decreased to less than *** percent in 2001 and 2002. Arizona's production in its last year of operation (2002) was *** percent lower than its production in 1998.[2]

Table III-1
Sebacic acid: U.S. producers' capacity, production, and capacity utilization, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Arizona's cessation of production more than offset Genesis' initiation of production in 2002 and resulted in an overall decline in the U.S. industry's capacity and production. Between 2002 and 2003, the industry's capacity declined by *** percent, while production declined by nearly *** percent. Genesis' capacity utilization rate in 2003 was *** percentage points lower than that of Arizona in its last year of production. In the first half of 2004, Genesis' capacity utilization declined to less than *** percent, from *** percent in the corresponding 2003 period. Overall, the U.S. sebacic acid industry at the end of 2003

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[1] In response to the Commission's notice of institution in this review, two companies raised questions regarding the extent to which Genesis was in fact engaging in what could be considered U.S. production of sebacic acid. Morflex, an importer, suggested that there had been "no true production of sebacic acid in the United States" since the cessation of production by Arizona in 2002, while Arizona itself stated in its response that it had no "direct knowledge of any domestic producers of sebacic acid." *Morflex's Response* to the Notice of Institution, June 3, 2004; and *Arizona's Response* to the Notice of Institution, May 14, 2004. In evaluating a company's production-related activities in the United States, the Commission generally considers the following five factors:

- Capital investment (discussed below, in the sections entitled "Capital Expenditures and Research & Development Expenses" and "Assets and Return on Investment.")
- Technical expertise (discussed in Part I of this report, in the section entitled "Manufacturing Processes.")
- Value added (discussed below, in the section entitled "Value Added.")
- Employment (discussed below, in the section entitled "U.S. Producers' Employment, Wages, and Productivity.")
- Materials sourced in the United States (discussed below, in the section entitled "Operations on Sebacic Acid.")

[2] The *** reduction in Arizona's production and shipments in 2001 was due to ***. Telephone interview with ***, November 5, 2004.

had *** percent less capacity, and was producing *** percent less sebacic acid, than was the case in 1998.

Genesis began construction of its sebacic acid production facilities in ***. Over the following ***, the company estimates that it invested approximately $*** in ***.[3] According to Genesis' producers' questionnaire response, the company had an initial production capacity in *** of *** pounds per year. By 2003, Genesis achieved a production capacity of *** pounds per year.[4] According to the company's president, this capacity ***.[5] As noted in Part I of this report, although Genesis does not currently produce sebacic acid, it has retained its ***.[6]

U.S. PRODUCERS' DOMESTIC SHIPMENTS, INTERNAL CONSUMPTION, AND EXPORT SHIPMENTS

Data on the U.S. industry's domestic shipments, internal consumption, and export shipments of sebacic acid are presented in table III-2. Between 1998 and 2003, the quantity and value of the industry's U.S. commercial shipments rose steadily from 1998 through 2000, then declined steadily from 2000 through 2003. From 1998 to 2000, commercial shipments increased by *** percent, from *** pounds to *** pounds; between 2000 and 2003, commercial shipments of sebacic acid declined by *** percent to *** pounds, or less than *** their 1998 level.

Table III-2
Sebacic acid: U.S. producers' shipments, by type, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Unit values of the U.S. industry's commercial shipments remained *** between 1998 and 2002, varying by ***. In 2003, however, the unit value of commercial shipments declined by *** percent, from $*** to $***.[7]

In the first half of 2004, the unit value of commercial shipments declined a further *** percent to $***. As a result of this decrease, the decline in the value of commercial shipments between 2000 and 2003 was *** than the decline in quantity. From a high of $*** in 2000, the value of commercial shipments declined by *** to $*** in 2003. The value of commercial shipments in 2003 was *** percent lower than the value of commercial shipments in 1998. In the first half of 2004, both the quantity and value of commercial shipments were *** lower, by *** percent and *** percent, respectively, compared to the first six months of 2003.

Relative to total U.S. shipments, internal consumption decreased over the period examined, from *** percent of U.S. shipments in 1998 to *** percent in 2003. Internal consumption was lowest, relative to U.S. shipments, in ***, at *** percent. All internal consumption by the U.S. industry within the period examined is attributable to ***. There was *** internal consumption by the U.S. sebacic acid industry in

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[3] *Genesis' Response* to the notice of institution, exh. B. As noted earlier in this report, the $*** referred to above represents a ***. Genesis' reported capital expenditures and research and development expenses relating specifically to sebacic acid are discussed in the "Financial Experience of U.S. Producers" (below).

[4] Genesis' daily sebacic acid production capacity is limited by ***. *Staff Fieldwork Report*, October 14, 2004, pp. 1-2.

[5] *Genesis' Response* to the Notice of Institution, exh. B.

[6] *Genesis' Response* to Commission questions, December 13, 2004, p. 2.

[7] Arizona accounted for *** percent of U.S. commercial shipments of sebacic acid in 2003. The reduction in the unit value of the U.S. industry's commercial shipments of sebacic acid in 2003 is primarily attributable to a *** percent decline in the unit value of Arizona's shipments between 2002 and 2003.

***. Export shipments by the U.S. industry also decreased relative to total shipments between 1998 and 2003, from *** percent of total shipments in 1998 to *** percent in 2003, although exports did climb as high as *** percent of total shipments in 1999. Export shipments within the period examined are also attributable *** to ***. In 2003 and the first half of 2004, *** exported sebacic acid ***.

For most of the period examined, the unit values of export shipments were lower than the average for total shipments. This pattern reversed in 2003 (the first full year of Genesis' production), after which export shipments had a higher unit value than the average for total shipments. The unit values of internal consumption were lower than the average for total shipments in all periods other than interim 2003.

U.S. PRODUCERS' INVENTORIES

Data relating to U.S. producers' end-of-period inventories of sebacic acid are presented in table III-3. Relative to production, the industry's inventories of sebacic acid increased in each period between 2001 and the first half of 2004. The increases reflect Arizona's shutdown of production activities in 2002, and the fact that it continued to maintain inventory through ***. Inventories between 2001 and June 2004 were also high relative to U.S. shipments of sebacic acid, reflecting the reduction in production and shipments experienced by the U.S. industry after 2001 (see table III-2, above). At the end of the first six months of 2004, Arizona and Genesis' combined inventories of sebacic acid (***) exceeded Genesis' production of sebacic acid in that period (***) by ***. As of December 13, 2004, Genesis maintained an unsold inventory of *** pounds of sebacic acid.[8]

Table III-3
Sebacic acid: U.S. producers' inventories, and ratios to production and shipments, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

As noted in Part I, *** in 2001 and 2002. The company's *** accounted for *** percent of *** in 2001 and *** percent in 2002. In 2002, the quantity of *** was more than *** times that of its production quantity (***), reflecting the fact that the company ***. Genesis did not produce any sebacic acid in ***. Arizona did not report any *** between 1998 and 2003. The company did report that it ***.

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Data provided by Arizona and Genesis relating to production and related workers ("PRWs") engaged in the production of sebacic acid are presented in table III-4. The number of PRWs employed by Union Camp/Arizona declined between 1998 and 2002, from *** to ***. Over this period, hourly wages increased (irregularly) by *** percent, productivity decreased *** (after a rise through 2000), and unit labor costs remained fairly stable. Arizona's exit from the industry, however, and Genesis' initiation of sebacic acid production, heralded ***. Between 2002 and 2003, the industry's number of PRWs declined from *** to ***, hourly wages declined by *** percent, productivity declined by ***, and unit labor costs ***. In the first half of 2004, Genesis reduced the number of PRWs employed in the production of sebacic acid to ***.

[8] *Genesis' Response* to Commission questions, December 13, 2004, p. 1.

Table III-4
Sebacic acid: U.S. producers' employment-related data, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

Two firms provided financial data on their U.S. operations on sebacic acid: Arizona and Genesis.[9] Both companies reported their financial information on a calendar-year basis using U.S. generally accepted accounting principles (GAAP).[10] While Arizona reported financial results throughout the period for which data were collected, it reportedly stopped manufacturing sebacic acid in late 2002. Arizona's subsequent sales in 2003 and January-June 2004 were made from preexisting inventory. Genesis began production in late 2002, but by interim 2004 its sales, which were consistently smaller than Arizona's, had declined ***.[11]

The majority of overall sebacic acid activity represented commercial sales, including exports, with a portion representing Arizona's internal consumption.[12] The internal consumption activity at Arizona's plant in Dover, OH, was for the production of adhesives, with the assigned values representing "market transfer" prices; i.e., the lowest commercial sales values for the same grade of sebacic acid at a similar volume.

Operations on Sebacic Acid

Income-and-loss data for sebacic acid producers are presented in table III-5 and on an average unit basis in table III-6. Selected company-specific financial information is presented in table III-7.

Table III-5
Results of sebacic acid operations, calendar years 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Table III-6
Results of sebacic acid operations (*per pound*), calendar years 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

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[9] The information reported by Genesis reflects the combined operations of two related companies: ***. Because the two companies are ***, reporting the financial results in this manner appears to be reasonable.

[10] Arizona's financial information for 1998 through 2002 ended on December 26, as opposed to December 31.

[11] With respect to start-up and shutdown expenses, Genesis referenced ***. Arizona noted that when it shut down its sebacic acid production, $*** in fixed costs were eliminated. The actual write off of its sebacic acid investments is ***.

[12] Telephone interview with ***, October 27, 2004.

Table III-7
Results of sebacic acid operations, by firm, calendar years 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

As shown in table III-7, a notable feature of the period was the *** reduction in Arizona's 2001 sales volume compared to 2000. The decline occurred in both commercial and internal consumption. While Arizona's average unit revenue was *** higher in 2001 compared to 2000, the *** increase in average unit cost of goods sold ("COGS") resulted in a *** in 2001. In 2001, there was also a *** increase in SG&A expenses – the majority of the increase representing general and administrative expenses. The *** increase in Arizona's 2001 COGS was attributed to reduced fixed cost absorption as sales volume declined by almost *** percent, while the increase in SG&A expenses was primarily the result of the adoption of *** which resulted in a reallocation of overall SG&A expenses to the Dover facility. While there was no specific operational change, it was noted that the reallocation of SG&A was based on the *** sales volumes achieved in previous periods. The combination of these factors resulted in a *** for Arizona in 2001.[13]

Arizona's average unit COGS declined in interim 2004 which, in conjunction with the absence of allocated SG&A expenses, resulted in a *** operating profit at the end of the period. According to a company official, Arizona's average unit sales and COGS values were lower at the end of the period because they represented a low-grade sebacic acid.[14]

The only other U.S. producer, Genesis, was *** throughout the period during which it had operations. The average unit COGS of Genesis, which remained *** throughout the period, consistently ***. According to a company official, low production volumes ***. Staff asked the company official for the target sebacic acid cost at the expected production volume. Instead of providing a specific value, the response was only that generally costs would have been lower.[15]

As discussed in a previous section of this report, the production processes of Arizona and Genesis differ. These differences are reflected in terms of both investment in productive assets and type of raw material inputs used to produce sebacic acid. The primary raw material consumed by Arizona was ***, while Genesis ***.[16] The domestic input common to both Arizona and Genesis was ***. Arizona also reported *** as domestically produced raw material inputs.

Arizona's by-product credit was reportedly for ***. Genesis, in contrast, reported that its production process does not generate by-products.

Value Added

Transforming purchased raw material into sebacic acid requires conversion costs (direct labor and other factory costs) which can in turn be used to represent each company's respective value added. As shown in table III-7, Arizona had *** per pound conversion costs compared to Genesis; i.e., *** for Arizona and Genesis, respectively, in 2003. Arizona's *** per pound conversion costs in the production

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[13] ***. Telephone interview with ***, October 27, 2004. ***. Telephone interview with ***, December 28, 2004.

[14] Telephone interview with ***, October 27, 2004.

[15] Telephone interview with ***, October 27, 2004.

[16] Arizona stopped producing sebacic acid in 2002. As shown in table III-7, Arizona's average unit imported raw material cost after 2002 is a static value and does not represent subsequent raw material costs.

of sebacic acid are generally consistent with the fact that it converts ***, compared to ***. It should be noted, however, that Arizona's by-product value (around $*** per pound) is ***.[17]

Arizona's *** lower volumes in 2001 and subsequent periods, as well as the higher allocation of SG&A expenses, make its value added percentage after 2001 less meaningful. Assuming the period 1998 through 2000 is more representative of normal activity, Arizona's value added exclusive of SG&A expenses averaged *** percent and inclusive of SG&A expenses averaged *** percent.[18] Genesis' value added exclusive of SG&A averaged *** percent and inclusive of SG&A averaged *** percent. If Genesis had achieved higher volumes (as a company official clearly indicated it intended to), its value added likely would have been somewhat lower; i.e., higher production volumes would have required proportionate increases in variable manufacturing costs (primarily raw material) while fixed manufacturing costs would have remained about the same.

CAPITAL EXPENDITURES AND RESEARCH & DEVELOPMENT EXPENSES

Data on capital expenditures and research and development ("R&D") expenses are shown in table III-8. Genesis' 2002 capital expenditures represented the company's initial investment in production equipment. Since the production equipment is used to produce biological buffers, as well as sebacic acid, the values reported in table III-8 primarily represent an allocation. A portion of Genesis' 2003 capital expenditures represented a *** which is specific to the production of sebacic acid. The initial investment included ***.[19] According to the company, the entire investment was financed by ***.

Table III-8
Sebacic acid: Capital expenditures and R&D expenses, calendar years 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Arizona's capital expenditures were generally lower than its reported depreciation expense. The exception was in 1999 when the company spent *** for sebacic acid ***. Arizona's capital expenditures were paid for with ***.[20]

ASSETS AND RETURN ON INVESTMENT

The value of assets and return on investment is shown in table III-9. Comparative Risk Management Association (RMA) financial information for North American Industry Classification System (NAICS) code 325199 ("all other basic organic chemical manufacturing") is presented in table III-10.[21]

---

[17] Arizona's conversion costs (which include the fixed component of other factory costs) are representative of normal operations only in 1998, 1999, and 2000.

[18] The first figure represents conversion costs (direct labor and other factory costs) incurred by Arizona to produce sebacic acid divided by total cost of sebecic acid; i.e., the cost of imported raw material, domestic raw material, and conversion costs, less by-product credit. The second figure adds SG&A expenses to both the numerator and denominator of the value added calculation.

[19] Telephone interview with ***, October 28, 2004.

[20] With respect to its decision to stop manufacturing sebacic acid in late 2002, Arizona stated that ***. December 14, 2004 Arizona response to Commission questions.

[21] NAICS code 325199 represents firms primarily engaged in manufacturing basic organic chemical products (except aromatic petrochemicals, industrial gases, synthetic organic dyes and pigments, gum and wood chemicals,

(continued...)

Table III-9
Sebacic acid: Consolidated value of assets and return on investment, calendar years 1998-2003

* * * * * * *

Table III-10
Risk Management Association data on the number of firms and their sales, operating income, assets, and return on investment on their operations for NAICS Code 325199 for five one-year periods ending March 31, 1999 to March 31, 2003

Period	Number of companies	Sales value ($1,000)	Asset value ($1,000)	Operating margin (percent)	Asset turnover[1 2]	ROI (percent)[2]
4/1/98 - 3/31/99	55	2,336,811	1,638,065	8.5	1.4	12.1
4/1/99 - 3/31/00	60	2,625,260	1,865,727	7.4	1.4	10.4
4/1/00 - 3/31/01	59	2,573,668	1,869,397	8.2	1.4	11.3
4/1/01 - 3/31/02	67	2,728,520	2,184,806	7.7	1.2	9.6
4/1/02 - 3/31/03	68	2,486,877	1,908,228	6.7	1.4	9.4

[1] Asset turnover is the ratio of sales to total assets.
[2] Asset turnover and ROI were calculated using RMA data.

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The *** decline in Arizona's total 2003 assets corresponds to its cessation of sebacic acid production at the end of 2002. The company's sebacic acid production property, plant, and equipment was *** in 2003 with remaining assets representing inventories and accounts receivables. As noted earlier, the assets reported by Genesis represent an allocation of common assets between ***.

[21] (...continued)
cyclic crudes and intermediates, and ethyl alcohol). Since RMA does not identify respondents, the extent to which U.S. producers in this review are reflected in the RMA data is unknown.

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

U.S. IMPORTS

As noted in Part I, evidence obtained in this review suggests that official Commerce data may be unreliable with respect to determining the level of imports of sebacic acid into the United States over the period examined. Data presented in this section are therefore based on the questionnaire responses of U.S. importers of sebacic acid. Questionnaires were sent to 20 firms identified by Customs as potential importers of sebacic acid between 1999 and March 2004; useable data were provided by nine firms.[1]

Data relating to U.S. imports of sebacic acid are presented in table IV-1. Total imports increased irregularly between 1998 and 2003, from *** to *** pounds, or by *** percent. In the first half of 2004, total imports were *** percent higher than in the corresponding 2003 period. The composition of these imports changed *** over the period examined, however. In 1998, subject imports accounted for *** percent of total U.S. imports. By 2003, this share had declined to *** percent. As a share of total imports, imports from nonsubject countries increased *** between 1998 and 2003, from *** percent of total imports in 1998 to *** percent in 2003. Nonsubject imports from China, resulting from Commerce's partial revocation of the antidumping duty order in 2001, accounted for an increasing portion of total U.S. imports between 2001 and 2003. By 2003, these nonsubject Chinese imports accounted for *** percent of total U.S. imports. In total, nonsubject imports from all sources accounted for *** percent of total U.S. imports in 2003, compared to *** percent in 1998.

Table IV-1
Sebacic acid: U.S. imports, by source, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Data reported by U.S. importers in the present review indicate that two Chinese exporters, Guangdong and Tianjin, accounted for *** percent of sebacic acid exported to the United States in the period examined.[2] On the basis of U.S. importers' questionnaire responses, the two companies' shares of exports to the United States remained relatively stable over the period examined, with *** accounting for *** percent of total Chinese exports in 1998 and *** percent in 2003. Both in terms of quantity and share of total Chinese shipments, exports from *** declined in 2001, the year in which ***. Exports from *** were also lower in 2002 and 2003 than in 2000, both in absolute terms and relative to shipments from ***.[3]

The average unit values of U.S. imports of sebacic acid exhibited an irregular pattern between 1998 and 2003, increasing steadily between 1998 and 2000, then declining between 2000 and 2002, and rising again between 2002 and 2003. Over the period examined, unit values for nonsubject imports from China varied by *** percent from its starting level in 2001. The unit values of subject imports from China varied ***, from a low of $*** in 2002 to a high of $*** in 2003, or by *** percent from the 1998

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[1] As noted in Part I, a total of 18 firms responded to the Commission's importers' questionnaires. Eight firms certified that they had not imported sebacic acid from any source since January 1, 1998. One firm, ***, indicated that it had imported nonsubject sebacic acid in 1999, but did not provide useable data.

[2] Throughout this report, subject imports from China refer to imports from both Guangdong and Tiajin between 1998 and June 30, 2001, and imports from Guangdong only between July 1, 2001 and June 30, 2004. As noted in Part I, Commerce reimposed the order with respect to Tianjin on March 30, 2005. Commerce's reimposition of the order, effective November 26, 2004, occurred after the period examined in this review.

[3] *** are subsidiaries of the state-owned Sinochem Corporation, reportedly China's fifth largest company. *http://www.sinochem.com/en/about/index.asp*. Website accessed on December 14, 2003.

level. The unit values of imports from nonsubject countries remained constant between 1998 and 2000, but varied *** thereafter. From $*** in 2000, the unit values of these imports decreased by *** percent to $*** in 2002, but reached $*** in the first six months of 2004.

The unit values of imports from China (both subject and nonsubject) were lower than those for non-Chinese imports throughout the period examined. The differential in unit values between subject Chinese and non-Chinese imports decreased steadily between 1998 and 2003: in 1998, the unit value of subject imports was *** percent lower than that for non-Chinese imports; in 2003, the unit value of subject Chinese imports was only *** percent lower. Conversely, the unit value differential between imports of nonsubject Chinese (i.e., Tianjin post-June 30, 2001) and non-Chinese sebacic acid widened between 2001 and 2003: in 2001, the unit value of imports from Tianjin were *** percent lower than those for non-Chinese imports; in 2003, the unit value of imports from Tianjin was *** percent lower.

The unit values of subject and nonsubject Chinese imports were identical in 2001. In 2002, the unit value of nonsubject Chinese imports was *** percent lower than that for subject imports. By 2003, the unit value of nonsubject Chinese imports was *** percent lower than that for subject imports.

U.S. IMPORTERS' INVENTORIES

Data relating to U.S. importers' inventories of imported sebacic acid are presented in table IV-2. The level of importers' inventories of subject sebacic acid fluctuated over the period examined. Relative to import quantity, inventories of subject imports ranged from *** to *** percent of imports between 1998 and 2003. As a ratio to U.S. shipments of imports, inventories of subject imports in this period ranged from *** to *** percent. Between 2002 and the first half of 2004, however, importers' inventories of subject sebacic acid declined, both relative to import quantity and U.S. shipments. Over the entire 1998-June 2004 period, imports from China (both subject and nonsubject) accounted for *** of U.S. importers' inventories of imported sebacic acid.

Table IV-2
Sebacic acid: U.S. importers' end-of-period inventories of imported product, by source, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

THE INDUSTRY IN CHINA

Between 1991 and 1993, the period examined in the Commission's original investigation, there were reportedly 14 companies producing sebacic acid in China.[4] The three largest of these companies were thought to account for *** percent of total Chinese sebacic acid production capacity and *** percent of actual production in 1993.[5] Producers in China at the time sold sebacic acid in the U.S. market exclusively through trading companies. Tianjin, Guangdong, Jiangsu, and Sinochem International - all parties to the original investigation - are four such trading companies.

In the Commission's 1999 review, 18 firms were identified as believed to be producing sebacic acid in China.[6] Two of the three largest putative producers in the original investigation were among those

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[4] This number was provided by the Chinese Chamber of Commerce for Metals, Minerals, and Chemicals, a party in the original investigation. *Staff Report of June 17, 1994*, Memorandum INV-R-104, p. I-41.

[5] These three producers were: ***. *Id*.

[6] Fourteen of these firms were identified from a public industry directory on the internet, while an additional four were identified by Union Camp in its response to the Commission's notice of institution in the review. *Staff Report of April 9, 1999*, Memorandum INV-W-065, pp. I-15 and I-16.

identified in the review.[7] Respondents to the Commission's notice of institution in the present review were asked to submit a list of known producers in China that have exported sebacic acid to the United States since 1997. Arizona, Genesis, and Morflex identified five Chinese producers of sebacic acid, including Dongfeng, whose sales of sebacic acid through Tianjin are currently exempt from the antidumping duty order.[8] A survey of public industry information provided by the government of China identifies no fewer than 33 firms capable of manufacturing sebacic acid in China.[9]

In the present review, foreign producer/exporter questionnaires were sent to nine Chinese firms identified as producers or exporters of sebacic acid in confidential Customs import data and identified in responses to the Commission's notice of institution, including the four trading companies that participated in the original investigation and in several of Commerce's administrative reviews. Responses were received from three firms, the trading company Guangdong and the producers Dongfeng and Jinghua.[10] [11] Limited data on the Chinese sebacic acid industry, based on data and estimates contained in ***'s questionnaire response, are presented in table IV-3.[12] According to the information submitted by ***, there are only seven or eight plants presently producing sebacic acid in China.[13]

Table IV-3
Sebacic acid: Chinese industry capacity and shipments, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Based on information provided by ***, the Chinese sebacic acid industry is capable of producing at least *** pounds of sebacic acid per year.[14] No data are presently available regarding the actual quantity of the Chinese industry's production or total shipments.[15] Chinese shipments of exports to the United States - based on data constructed from estimates provided by *** - remained fairly stable over the period examined. From 2000 through 2003, shipments to the United States declined by *** percent, with no drastic swings in the years between. Data provided by ***, however, do suggest a *** rise in

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[7] The two firms were: *** and ***. *Staff Report of April 9, 1999*, Memorandum INV-W-065, p. I-15.

[8] The other four firms were: Shandong Haihua Tianhe Organic Chemical, Ltd.; Hangzhou Jihua Chemical Industrial Company, Ltd.; Zhong He Chemical Factory; and Handan Fuyang Factory. The latter company was among those identified by Union Camp in response to the Commission's notice of institution in the previous review. *Staff Report of April 9, 1999*, Memorandum INV-W-065, fn. 43.

[9] China Commodity Net, provided for by the Chinese Ministry of Commerce, at *http://ccn.mofcom.gov.cn/cbg/index_en.html*. Sebacic acid manufacturer data queried on August 11, 2004.

[10] *** provided responses to some of the narrative questions in the Foreign Producers'/Exporters' questionnaire, but its response did not include any trade data.

[11] According to ***'s questionnaire response, the company is an exporter of sebacic acid produced by ***. ***'s Foreign Producers'/Exporters' questionnaire response, p. 12.

[12] ***'s questionnaire response provided data for 2000-June 2004 only.

[13] ***'s Foreign Producers'/Exporters' questionnaire response, p. 17.

[14] ***'s estimate is based on the combined capacity of three Chinese producers: ***. ***, the only Chinese producer to respond to the Commission questionnaire with data, reported a current sebacic acid production capacity of *** pounds.

[15] While *** did include capacity and production data in its response to the Commission's questionnaire, the company did not provide an estimate of the percentage of total Chinese production of sebacic acid it accounts for. Data submitted by *** indicate that it began production of sebacic acid in 2001; that its capacity *** percent between 2001 and 2003; and that the company ***.

shipments to the United States in the first half of 2004, corroborating the *** increase in reported U.S. imports identified in table IV-1 (above).

Limited questionnaire data are available in the present review regarding the relative quantities of sebacic acid exported by China to countries other than the United States.[16] In the period examined in the Commission's original investigation (1991-93), exports to the United States accounted for about 20 percent of total Chinese exports of sebacic acid.[17] Public data obtained in the Commission's first five-year review indicated that, in 1998, shipments to the United States accounted for less than 8 percent of total Chinese exports of sebacic acid. The most recent public data available in the present review suggest that the U.S. share of sebacic acid exports from China remained constant between 2000 and 2002, at 8-10 percent of total exports.[18] According to the questionnaire response submitted by *** in this review, demand in the United States for sebacic acid from China has "***" since imposition of the antidumping duty order in 1994.[19]

NONSUBJECT COUNTRIES

Only two nonsubject countries were known to have industries producing sebacic acid and exporting it to the United States at the time of the Commission's original investigation in 1994: Japan and Ukraine. Imports from these two sources accounted for less than 10 percent of total U.S. imports between 1991 and 1993. A third country, India, was identified by an Indian trade association as being a producer of sebacic acid.[20] In the Commission's first five-year review, four nonsubject countries were identified as having sebacic acid production capability: Japan, India, the United Kingdom, and Brazil. Information obtained from Customs at the time indicated that no sebacic acid had ever been imported into the United States from Brazil, and that imports from India began only in 1998.[21] Imports from Japan and the U.K. together accounted for 30 percent of total U.S. imports in 1997, and 43 percent in 1998.[22]

U.S. firms reported importing sebacic acid from two nonsubject countries in response to Commission questionnaires in the present review: *** and ***.[23] Reported imports from these two countries were *** between 1998 and 2001, accounting for *** percent of total U.S. imports. In 2002, however, imports from these two countries increased, due to the initiation of imports *** by ***, and an increase in imports from *** by ***. Together, imports from these two countries accounted for *** of total imports in 2002. This share declined to *** percent in 2003.

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[16] *** reported that exports to the United States accounted for *** percent of its total exports of sebacic acid in 2003, and *** percent in the first half of 2004. Home market shipments accounted for *** percent of ***'s commercial shipments in 2003, and *** percent in the first six months of 2004. It is unclear from the company's response whether sebacic acid *** is included in its trade data.

[17] *Staff Report of June 17, 1994*, Memorandum INV-R-104, table 13.

[18] Global Trade Information Services, Inc. (GTI), *World Trade Atlas, China Edition*, December 2003. GTI data are based on reports from Chinese customs authorities, and are based on an HTS subheading (2917.13.00) that includes the salts and esters of sebacic acid. *See also*, *Cognis' prehearing brief*, exh. 1.

[19] ***'s Foreign Producers'/Exporters' questionnaire response, p. 12.

[20] *Staff Report of June 17*, 1994, Memorandum INV-R-104, p. I-42.

[21] *Staff Report of April 9, 1999*, Memorandum INV-W-065, fn. 37.

[22] *Id*., p. I-13.

[23] *** did report a small quantity of imports from *** in September 2004. The imports were *** relative to the company's total imports, and occurred outside the period examined in this review. As noted earlier, *** also reported imports of sebacic acid from *** in 1999, but did not provide useable data.

Official Commerce statistics retrieved in the present review identify imports from no fewer than 12 countries under the HTS number covering sebacic acid between 1999 and March 2004.[24] No U.S. importers identified in this review reported imports from any countries other than China, ***, and ***, however. As noted earlier, evidence on the record in this review indicates that salts and esters of sebacic acid have regularly been mis-categorized under the HTS number covering sebacic acid during the period examined in this review.

[24] The 12 countries are: Belgium, Canada, China, Germany, India, Japan, Korea, Malaysia, the Netherlands, Switzerland, Taiwan, and the United Kingdom.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Materials

The main raw material used in the production of sebacic acid in the United States has been castor oil and, more recently, ***. Available data indicate that raw materials accounted for between *** and *** percent of the cost of goods sold between 1998 and 2003. The sole U.S. producer for much of the period for which data were collected, Arizona, stated that raw material price changes–either up or down–have *** influence on selling prices. This firm reported that selling prices during the period for which data were collected were ***. The sole U.S. producer in 2003 and 2004, Genesis, reported that the price of the raw material *** has increased in late 2004.

Transportation Costs to the U.S. Market

Transportation costs for sebacic acid from subject countries to the United States (excluding U.S. inland costs) in 2003 are estimated to be equivalent to approximately 5.2 percent of the customs value for product from China. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.[1]

U.S. Inland Transportation Costs

The former U.S. producer, Arizona, responded that approximately *** percent of the total delivered cost of sebacic acid was accounted for by U.S.-inland transportation costs. Genesis responded that approximately *** percent of the total delivered cost of sebacic acid was accounted for by U.S.-inland transportation costs.

Of the six responding importers, four reported that the share of the total delivered cost of sebacic acid accounted for by U.S.-inland transportation costs was less than 1 percent. A fifth importer indicated that U.S.-inland transportation costs were between 2 to 3 percent of the total cost, while a sixth importer reported that these transportation costs accounted for approximately 5 percent. All six importers reported that their firms generally arrange the transportation to a customers' location. Regarding shipment distances, two importers (***) reported that all of their sales occur with 100 miles of their production or storage facility. A third importer, ***, responded that 30 percent of its sales occur within 100 miles, and a fourth firm, ***, reported that only 10 percent of its sales occur within 100 miles. Two importers (***) reported that 70 percent of their sales of sebacic acid are likely to be shipped between 100 and 1,000 miles of their production or storage facility. Only one importer, ***, reported that 20 percent of its sales are likely to be shipped over 1,000 miles.

Exchange Rates

The Chinese yuan is pegged to the U.S. dollar and therefore exchange rate data are not shown.

[1] These estimates are based on HTS statistical reporting number 2917.13.0030.

PRICING PRACTICES

Pricing Methods

*** reported selling sebacic acid according to a price list. Deviation from the price list was determined by any of the following factors: (1) ***, (2) ***, or (3) ***. This firm reported that, of sales of U.S.-produced sebacic acid in ***, spot sales accounted for *** percent; short-term contracts accounted for *** percent; and long-term contracts accounted for *** percent of sales. *** sebacic acid, the average duration of a contract was *** months, during which ***. The contract would usually ***, and almost always would have a ***.

One importer (***) reported that spot sales accounted for *** percent, short-term contracts accounted for *** percent, and long-term contracts accounted for *** percent of sales of sebacic acid from China in 2003. Regarding long-term contracts, this importer stated that the average duration of its contracts was 6 to 12 months; a second importer (***) stated that its average contract duration was one year. *** indicated that prices could not be renegotiated, while two others (***) reported that prices could be renegotiated during the contract period. Both firms stated that their contracts fixed both price and quantity. In addition, both importers reported that their contracts had, or usually had, a meet-or-release provision.

Three importers (***) provided information on short-term contracts. One importer (***) stated that the average duration of its short-term contracts was 1 to 2 months; another importer (***) reported that its typical short-term contract was 6 months; and a third importer (***) indicated that its short-term contracts were typically 1 year in duration. All three of these importers reported that short-term contracts fixed both price and quantity. While two of these importers stated that their short-term contracts had, or usually had, meet-or-release provisions, the third (***) stated that its contracts did not.

***.

***.

Three of the six importers responding to questions of discount policies reported that they offer no discounts. The three other importers stated that they all consider possible discounts based on sales volume.

PRICE DATA

The Commission requested U.S. producers and importers of sebacic acid to provide quarterly data for the total quantity and f.o.b. value of sebacic acid that was shipped to unrelated customers in the U.S. market. Data were requested for the period January 1998 to June 2004. The products for which pricing data were requested are as follows:

Product 1.–Sebacic acid with a minimum of 99.5 percent purity; 0.08 maximum ash content; 0.50 maximum moisture content; melting point between 132.0-134.0 degrees Celsius; 50 maximum color (APHA); 544 mg minimum acid value (KOH/g); and 97.0 minimum carbon as C_{10}. (This sebacic acid product is light in color and is a white free flowing crystalline or prill).

Product 2.--Sebacic acid with a minimum of 99.5 percent purity; 0.05 maximum ash content; 0.50 maximum moisture content; melting point between 132.0-134.0 degrees Celsius; 50 maximum color (APHA); 544 mg minimum acid value (KOH/g); and 97.0 minimum carbon as C_{10}. (This sebacic acid product is exceptionally light in color and is a white free flowing crystalline or prill).

Product 3.--Sebacic acid with a minimum of 99.5 percent purity; 0.01 maximum ash content; 0.50 maximum moisture content; melting point between 132.0-134.0 degrees Celsius; 50

maximum color (APHA); 544 mg minimum acid value (KOH/g); and 97.0 minimum carbon as C_{10}. (This sebacic acid product is exceptionally light in color and is a white free flowing crystalline and is manufactured under GMP protocol).

Two U.S. producers and one importer (***) of sebacic acid from China provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. Pricing data were collected for both subject sebacic acid from China and nonsubject sebacic acid from China (i.e., sebacic acid exported by Tianjin on or after July 1, 2001). There were no observations for products from other (non-Chinese) sources during the period for which data were requested. By quantity, pricing data reported by responding firms in 2003 accounted for approximately *** percent of U.S. producers' U.S. shipments of sebacic acid, *** percent of U.S. shipments of subject imports from China, and *** percent of U.S. shipments of nonsubject imports from China.

Price Trends

Tables V-1 and V-2 (and figures V-1 and V-2) present prices in the U.S. market for sebacic acid produced in the United States and in China.[2] Prices for U.S.-produced sebacic acid products 1, 2, and 3 all fluctuated with a downward trend over the period. Overall declines in prices for products 1 and 3 were *** percent and *** percent, respectively. The overall decline in the price of U.S.-produced sebacic acid product 2 was somewhat greater than for product 1, *** percent. Prices for subject imports of sebacic acid from China were reported for one product, product 2. These prices also fluctuated and were lower at the end of the period than they were at the beginning; the overall decrease for prices of subject Chinese sebacic acid was *** percent.[3] Price data for nonsubject sebacic acid imported from China (i.e., exported by Tianjin) fluctuated from the third quarter of 2001 through the second quarter of 2004 but ended that period at a level *** percent above the beginning of that period.

Table V-1
Sebacic acid: Weighted-average f.o.b. prices and quantities of domestic products 1 and 3, by quarters, January 1998-June 2004

* * * * * * *

Table V-2
Sebacic acid: Weighted-average f.o.b. prices and quantities of domestic and subject, nonsubject, and total imported product 2, and margins of underselling/(overselling), by quarters, January 1998-June 2004

* * * * * * *

[2] Table V-3 presents prices in the U.S. market for the three grades of azelaic acid sold by Cognis.

[3] Subsequent to an increase in the antidumping duty margin on exports of sebacic acid from Guangdong and reimposition of the order on exports from Tianjin, resulting from Commerce's most recent administrative and changed circumstances reviews, ***, the sole distributor of sebacic acid imported from China, reported an across-the-board price increase of *** cents per pound to all its U.S. shipments of sebacic acid in the first quarter of 2005. Telephone interview with ***, April 6, 2005.

Table V-3
Azelaic acid: Weighted-average f.o.b. prices and quantities of domestically produced azelaic acid by quarters, January 1998-June 2004

* * * * * * *

Figure V-1
Sebacic acid: Weighted-average f.o.b. prices and quantities of domestic products 1 and 3

* * * * * * *

Figure V-2
Sebacic acid: Weighted-average f.o.b. prices and quantities of domestic and imported product 2

* * * * * * *

Price Comparisons

Price comparisons between U.S.-produced sebacic acid and subject sebacic acid imported from China were possible for one product (product 2) and for 26 quarters. In all of the 26 instances the subject Chinese product was priced below the domestic product with margins ranging from *** to *** percent. Price comparisons were available for 12 quarters for nonsubject sebacic acid from China (i.e., sebacic acid exported by Tianjin); in all of these 12 instances the nonsubject Chinese product was priced below the domestic product with margins ranging from *** to *** percent. Price comparisons available for 12 quarters between subject (Guangdong) and nonsubject (Tianjin) sebacic acid from China show a mixed result, although very close, where nonsubject sebacic acid sold anywhere from *** less to *** more per pound than the subject product, roughly *** percent above or below the price per pound of the subject sebacic acid from China.

APPENDIX A

FEDERAL REGISTER NOTICES AND COMMISSION STATEMENT ON ADEQUACY

Country, and such merchandise from other countries.

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

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

By order of the Commission.

Issued: March 25, 2004.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–7391 Filed 3–31–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–496]

Certain Home Vacuum Packaging Products; Notice of a Commission Determination Not to Review an Initial Determination Terminating the Investigation as to the Rival Respondents on the Basis of a Settlement Agreement

AGENCY: International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's (''ALJ's'') initial determination (''ID'') terminating the Rival respondents from the above-captioned investigation on the basis of a settlement agreement.

FOR FURTHER INFORMATION CONTACT: Timothy P. Monaghan, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–3152. Copies of the public version of the ID and all nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–2000. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://www.edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On August 18, 2003, the Commission instituted this investigation based upon a complaint filed by Tilia, Inc. and Tilia International (collectively, ''Tilia''). 68 FR 49521. In its complaint, Tilia alleges that the accused imported products infringe claims 3, 4, 6, 24–25, and 34 of U.S. Patent No. 4,941,310. The notice of investigation named ZeroPack Co., Ltd., Applica, Inc., and Applica Consumer Products, Inc. (collectively, ''the Applica respondents''); and The Holmes Group, Inc. and The Rival Company (collectively ''the Rival respondents'') as respondents.

On March 4, 2004, the presiding ALJ issued the subject ID (Order No. 45) granting the joint motion of Tilia and the Rival respondents to terminate the investigation as to the Rival respondents on the basis of a settlement agreement. The Commission investigative attorney supported the joint motion. The remaining respondents, the Applica respondents, did not respond to the motion.

No party filed a petition to review the subject ID.

The authority for the Commission's action is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337) and in § 210.42 of the Commission's Rules of Practice and Procedure (19 CFR 210.42).

Issued: March 29, 2004.

By order of the Commission.

Marilyn R. Abbott,

Secretary.

[FR Doc. 04–7332 Filed 3–31–04; 8:45 am]

BILLING CODE 7020–02–U

INTERNATIONAL TRADE COMMISSION

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

Sebacic Acid From China

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on sebacic acid from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is May 21, 2004. Comments on the adequacy of responses may be filed with the Commission by June 14, 2004. 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).

EFFECTIVE DATE: April 1, 2004.

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

SUPPLEMENTARY INFORMATION: Background.—On July 14, 1994, the Department of Commerce issued an antidumping duty order on imports of sebacic acid from China (59 FR 35909). Following five-year reviews by Commerce and the Commission, effective May 26, 1999, Commerce issued a continuation of the antidumping duty order on imports of sebacic acid from China (64 FR 47766). The Commission is now conducting a second review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 04–5–087, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions—The following definitions apply to this review:

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

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

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the *Subject Merchandise.* In its original determination and its expedited five-year review determination, the Commission defined the *Domestic Like Product* as sebacic acid.

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

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

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

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the ''same particular matter'' as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was ''personal and substantial.'' However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at (202) 205–3088.

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

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

Written submissions—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is May 21, 2004. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct an expedited or full review. The deadline for filing such comments is June 14, 2004. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the review you do not need to serve your response).

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

Information to be Provided in Response to this Notice of Institution: As used below, the term ''firm'' includes any related firms.

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

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

(3) A statement indicating whether your firm/entity is willing to participate

in this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry*.

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

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 1997.

(7) If you are a U.S. producer of the *Domestic Like Product*, provide the following information on your firm's operations on that product during calendar year 2003 (report quantity data in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

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

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

(c) the quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2003 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

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

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Country*, provide the following information on your firm's(s') operations on that product during calendar year 2003 (report quantity data in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Country* after 1997, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, *Subject Merchandise* produced in the *Subject Country*, and such merchandise from other countries.

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

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

By order of the Commission.

Issued: March 25, 2004.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–7392 Filed 3–31–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–376, 377, and 379 (Review) and 731–TA–788–793 (Review)]

Certain Stainless Steel Plate From Belgium, Canada, Italy, Korea, South Africa, and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty and antidumping duty orders on certain stainless steel plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty orders on certain stainless steel plate from Belgium, Italy, and South Africa and/or the revocation of the antidumping duty orders on certain stainless steel plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 04–5–084, expiration date June 30, 2005. Public reporting

Continued

Total Estimated Burden Hours: 8,000.

Status: Extension of a currently approved collection.

Authority: Section 3507 of the Paperwork Reduction Act of 1995, 44 U.S.C. 35, as amended.

Dated: July 21, 2004.

Wayne Eddins,

Departmental Reports Management Officer, Office of the Chief Information Officer.

[FR Doc. 04–17199 Filed 7–27–04; 8:45 am]

BILLING CODE 4210–72–P

INTERNATIONAL TRADE COMMISSION

[Inv. No. 337–TA–499]

Certain Audio Digital-to-Analog Converters and Products Containing Same; Notice of Commission Decision Not To Review an Initial Determination Terminating the Investigation as to Claims 1 and 2 of U.S. Patent No. 6,492,928

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has determined not to review the presiding administrative law judge's (''ALJ's'') initial determination (''ID'') (Order No. 16) terminating the above-captioned investigation as to claims 1 and 2 of U.S. Patent No. 6,492,928 (''the ''928 patent'').

FOR FURTHER INFORMATION CONTACT: Clara Kuehn, Esq., Office of the General Counsel, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone (202) 205–3012. Copies of the ALJ's ID and all other nonconfidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436, telephone 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202–205–1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on November 14, 2003, based on a complaint filed on behalf of Cirrus Logic, Inc. of Austin, Texas (''complainant''). 68 FR 64,641 (Nov. 14, 2003). The complaint, as supplemented, alleged violations of section 337 of the Tariff Act of 1930 in the importation into the United States, sale for importation, and sale within the United States after importation of certain audio digital-to-analog converters and products containing same by reason of infringement of claims 1 and 11 of the '928 patent. The notice of investigation named two respondents: Wolfson Microelectronics, PLC of Edinburgh, United Kingdom; and Wolfson Microelectronics, Inc. of San Diego, Calif. 68 FR 64,641 (Nov. 14, 2003).

On December 29, 2003, the ALJ issued an ID (Order No. 5) granting complainant's motion to amend the complaint and notice of investigation to add allegations of infringement of claims 2, 3, 5, 6, and 15 of the '928 patent, and of claims 9, 12, and 19 of U.S. Patent No. 6,011,501. That ID was not reviewed by the Commission. 69 FR 4177 (Jan. 28, 2004).

On June 30, 2004, complainant filed an unopposed motion to terminate the investigation in part as to allegations of infringement of claims 1 and 2 of the '928 patent based on the withdrawal of the allegations.

On July 1, 2004, the ALJ issued the subject ID (Order No. 16) granting complainant's motion to terminate the investigation as to claims 1 and 2 of the '928 patent. No party petitioned for review of the ID.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in section 210.42 of the Commission's Rules of Practice and Procedure (19 CFR 210.42).

Issued: July 22, 2004.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–17172 Filed 7–27–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–653 (Second Review)]

Sebacic Acid From China

AGENCY: United States International Trade Commission.

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

SUMMARY: The Commission hereby gives notice that it will proceed with a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) 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. The Commission also hereby gives notice of scheduling of the full five-year review concerning the antidumping duty order on sebacic acid from China. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: Effective Date: July 6, 2004.

FOR FURTHER INFORMATION CONTACT: Douglas Corkran (202–205–3057), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (*http://www.usitc.gov*). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On July 6, 2004, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (69 FR 17233, April 1, 2004) was adequate and that the respondent interested party group response was inadequate.[1] The Commission also found that other circumstances warranted conducting a full review. 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.

[1] Commissioner Lane found that the respondent interested party group response was adequate.

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

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

Staff report.—The prehearing staff report in the review will be placed in the nonpublic record on November 17, 2004, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the review beginning at 9:30 a.m. on December 7, 2004, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before December 1, 2004. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on December 3, 2004, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written submissions.—Each party to the review may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is November 29, 2004. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is December 16, 2004; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the review may submit a written statement of information pertinent to the subject of the review on or before December 16, 2004. On January 14, 2005, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before January 19, 2005, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002).

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

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

Issued: July 23, 2004.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–17171 Filed 7–27–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–376, 377, and 379 (Review) and 731–TA–788–793 (Review)]

Certain Stainless Steel Plate From Belgium, Canada, Italy, Korea, South Africa, and Taiwan

AGENCY: International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty and antidumping duty orders on certain stainless steel plate from Belgium, Canada, Italy, Korea, South Africa, and Taiwan.

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

DATES: Effective Date: July 6, 2004.

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

final results of this administrative review, which will include the results of its analysis of issues raised in any such written briefs, within 120 days of the publication of these preliminary results.

The Department will determine and CBP shall assess antidumping duties on all appropriate entries. The Department will issue appropriate appraisement instructions directly to CBP upon completion of this review. The final results of this review will be the basis for the assessment of antidumping duties on entries of merchandise covered by this review and for future deposits of estimated duties.

For assessment purposes in this case, we do not have the information to calculate entered value. Therefore, we have calculated importer-specific duty assessment rates for the merchandise by aggregating the dumping margins calculated for all U.S. sales and dividing this amount by the total quantity of those sales. To determine whether the duty assessment rates were *de minimis* (*i.e.* less than 0.50 percent), in accordance with the requirement set forth in 19 CFR 351.106(c)(2), we calculated importer-specific *ad valorem* ratios based on the EPs.

Furthermore, the following deposit requirements will be effective upon publication of the final results of this administrative review for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for Ai Jian will be that established in the final results of this administrative review; (2) for any company previously found to be entitled to a separate rate and for which no review was requested, the cash deposit rate will be the rate established in the most recent review of that company; (3) the cash deposit rate for all other PRC exporters will be 119.02 percent, the PRC-wide rate established in the less than fair value investigation; and (4) for all other non-PRC exporters of subject merchandise from the PRC to the United States, the cash deposit rate will be the rate applicable to the PRC exporter that supplied that non-PRC exporter. These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification of Interested Parties

This notice serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Department's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This administrative review is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 30, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04–18035 Filed 8–5–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–825]

Sebacic Acid From the People's Republic of China; Final Results of the Expedited Sunset Review of Antidumping Duty Order; Final Results

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

ACTION: Expedited sunset review of antidumping duty order on sebacic acid from the People's Republic of China; final results.

SUMMARY: On April 1, 2004, the Department of Commerce (''the Department'') initiated a sunset review of sebacic acid from the People's Republic of China (''China'').[1] On the basis of the notice of intent to participate, adequate substantive comments filed on behalf of the domestic interested parties, and an inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an expedited sunset review. As a result of this review, the Department finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the levels listed below in the section entitled ''Final Results of Review.''

DATES: Effective August 6, 2004.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC, 20230; telephone: (202) 482–5050.

SUPPLEMENTARY INFORMATION:

Background

On April 1, 2004, the Department initiated a sunset review of the antidumping duty order on sebacic acid from China pursuant to section 751(c) of the Tariff Act of 1930, as amended (the ''Act'') (69 FR 17129). The Department received a notice of intent to participate on behalf of SST Materials Inc. d/b/a Genesis Chemicals, Inc. (''Genesis''), within the deadline specified in section 351.218(d)(1)(i) of the Department's Regulations. The domestic interested parties claimed interested party status under section 771(9)(C) of the Act as U.S. producers of sebacic acid. We received a complete response from Genesis within the 30-day deadline specified in the Department's regulations under section 351.218(d)(3)(i). We received no response from any interested party respondents in this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited sunset review of this antidumping duty order.

This order remains in effect for all Chinese manufacturers, producers, and exporters, except for exporter, Tianjin Chemicals Import & Export Corporation with respect to subject merchandise produced by Hengshui.[2]

Scope of the Order

The products covered by this review are all grades of sebacic acid, a dicarboxylic acid with the formula $(CH2)_8(COOH)_2$, 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 C10 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. of the

[1] *See Initiation of Five-Year (Sunset) Reviews,* 69 FR 17129 (April 1, 2004) (''Initiation Notice'').

[2] *Sebacic Acid From the People's Republic of China: Final Results of Antidumping Duty Administrative Review and Determination To Revoke Order in Part,* 67 FR 69719 (November 19, 2002).

Harmonized Tariff Schedule of the United States (''HTSUS''). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated July 30, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the finding were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memo, which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at *http://ia.ita.doc.gov/frn,* under the heading ''August 2004.'' The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on sebacic acid from China would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average percentage margins:

Manufacturers/exporters/producers	Weighted-average margin (percent)
Sinochem Jiangsu Import & Export Corporation.	85.48
Tianjin Chemicals Import & Export Corporation.	Revoked
Guangdong Chemicals Import & Export Corporation.	57.00
Sinochem International Chemicals Company.	43.72
China-wide rate	243.40

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

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: July 30, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 04–17935 Filed 8–5–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–427–814]

Preliminary Results of Antidumping Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From France

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

SUMMARY: In response to requests from Ugine and ALZ France S.A. (U&A France), (the Respondent), and Allegheny Ludlum Corporation, AK Steel, Inc., North American Stainless, United Steelworkers of America, AFL–CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization (collectively, the Petitioners), the U.S. Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on stainless steel sheet and strip in coils (SSSS) from France for the period July 1, 2002, through June 30, 2003. The Department preliminarily determines that U&A's sales of SSSS in the United States were made at less than normal value (NV). If these preliminary results are adopted in our final results of this administrative review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on entries of U&A France's merchandise during the period of review. The preliminary results are listed in the section titled ''Preliminary Results of Review,'' *infra.*

EFFECTIVE DATE: August 6, 2004.

FOR FURTHER INFORMATION CONTACT: Sebastian Wright or Mark Hoadley, Enforcement Group III, Import Administration, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW., Washington, DC 20230; telephone: 202–482–5254 and 202–482–3148.

Background

On July 27, 1999, the Department published the amended final determination and antidumping duty order on SSSS from France in the **Federal Register**. *See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order; Stainless Steel Sheet and Strip in Coils from France,* 64 FR 40562 (July 27, 1999) (*Antidumping Duty Order*). On July 2, 2003, the Department published in the **Federal Register** a notice of ''Opportunity to Request Administrative Review'' of the antidumping duty order on stainless steel sheet and strip in coils from France for the period July 1, 2002, through June 30, 2003. *See Notice of Opportunity to Request Administrative Review of Antidumping Duty or Countervailing Duty Order, Finding, or Suspended Investigation,* 68 FR 39511 (July 2, 2003). On July 30, 2003, the Petitioners requested that the Department conduct a review of U&A France's sales or entries of merchandise subject to the Department's antidumping duty order on SSSS from France. On July 31, 2003, U&A France, a producer and exporter of subject merchandise, also requested that the Department conduct a review of U&A France's sales or entries of subject merchandise for the POR. On August 22, 2003, in accordance with section 751(a) of the Act, the Department published in the **Federal Register** a notice of initiation of this antidumping duty administrative review for the period July 1, 2002, through June 30, 2003. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part,* 68 FR 50750 (August 22, 2003). On September 10, 2003, the Petitioners also filed a timely request for a duty absorption review in accordance with section 751(a)(4) of the Act, and section 351.213(j)(1) of the Department's regulations.

On September 8, 2003, the Department issued a questionnaire to U&A France. On September 24, 2003, U&A France requested an extension in which to file its response to Section A of the Department's questionnaire. On September 26, the Department issued a letter granting U&A France an extension for Section A responses to October 14, 2003. On October 14, 2003, U&A France filed its response to Section A.[1]

[1] Section A of the questionnaire requests general information concerning a company's corporate structure and business practices, the merchandise under review that it sells, and the manner in which it sells the merchandise in all of its markets. Section B requests a complete listing of all home market sales, or, if the home market is not viable, of sales in the most appropriate third-country market (this section is not applicable to respondents in non-market economy cases). Section C requests a complete listing of U.S. sales. Section D requests

The Comprehensive Conservation Plan for Tetlin National Wildlife Refuge was completed in 1987. It is being revised consistent with section 304(g) of the Alaska National Interest Lands Conservation Act, the National Wildlife Refuge System Improvement Act of 1997, and U.S. Fish and Wildlife Service planning policy.

Dated: November 22, 2004.

Rowan Gould,

Regional Director, U.S. Fish and Wildlife Service, Anchorage, Alaska.

[FR Doc. 04–26784 Filed 12–6–04; 8:45 am]

BILLING CODE 4310–55–M

DEPARTMENT OF THE INTERIOR

Fish and Wildlife Service

Denial of Permit for Marine Mammals

AGENCY: Fish and Wildlife Service, Interior.

ACTION: Notice of denial of permit for marine mammals.

SUMMARY: The following permit was denied.

ADDRESSES: Documents and other information submitted with this application are available for review, subject to the requirements of the Privacy Act and Freedom of Information Act, by any party who submits a written request for a copy of such documents to: U.S. Fish and Wildlife Service, Division of Management Authority, 4401 North Fairfax Drive, Room 700, Arlington, Virginia 22203; fax 703/358–2281.

FOR FURTHER INFORMATION CONTACT: Division of Management Authority, telephone 703/358–2104.

SUPPLEMENTARY INFORMATION: On April 22, 2004, a notice was published in the **Federal Register** (69 FR 21858), that an application had been filed with the Fish and Wildlife Service by Peter A. Larsen, Newcastle, WY, for a permit (PRT–081356) to import a polar bear (*Ursus maritimus*) sport hunted from the Baffin Bay polar bear population in Canada for personal use.

Notice is hereby given that on November 3, 2004, as authorized by the provisions of the Marine Mammal Protection Act of 1972, as amended (16 U.S.C. 1361, *et seq.*), the Fish and Wildlife Service denied the requested permit.

Dated: November 19, 2004.

Michael S. Moore,

Senior Permit Biologist, Branch of Permits, Division of Management Authority.

[FR Doc. 04–26766 Filed 12–6–04; 8:45 am]

BILLING CODE 4310–55–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[ES–960–1420–BJ–TRST] ES–052518, Group No. 155, Minnesota

Eastern States: Filing of Plat of Survey

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of Filing of Plat of Survey; Minnesota.

SUMMARY: The Bureau of Land Management (BLM) will file the plat of survey of the lands described below in the BLM-Eastern States, Springfield, Virginia, 30 calender days from the date of publication in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, 7450 Boston Boulevard, Springfield, Virginia 22153. Attn: Cadastral Survey.

SUPPLEMENTARY INFORMATION: This survey was requested by the Bureau of Indian Affairs.

The lands we surveyed are:

Fifth Principal Meridian, Minnesota

T. 144 N., R. 39 W.

The plat of survey represents the dependent resurvey of a portion of the south and west boundaries and a portion of the subdivisional lines; and the survey of the subdivision of sections 2, 4, 11, 13–15, 18–28, and 32–36, Township144 North, Range 39 West, of the Fifth Principal Meridian, Minnesota, and was accepted November 17, 2004. We will place a copy of the plat we described in the open files. It will be available to the public as a matter of information.

If BLM receives a protest against this survey, as shown on the plat, prior to the date of the official filing, we will stay the filing pending our consideration of the protest.

We will not officially file the plat until the day after we have accepted or dismissed all protests and they have become final, including decisions on appeals.

Dated: November 17, 2004.

Stephen D. Douglas,

Chief Cadastral Surveyor.

[FR Doc. 04–26801 Filed 12–6–04; 8:45 am]

BILLING CODE 4310–GJ–P

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[ES–960–1910–BJ–4489; ES–052452, Group No. 38, Missouri]

Eastern States: Filing of Plat of Survey

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice of Filing of Plat of Survey; Missouri.

SUMMARY: The Bureau of Land Management (BLM) will file the plat of survey of the lands described below in the BLM-Eastern States, Springfield, Virginia, 30 calendar days from the date of publication in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Bureau of Land Management, 7450 Boston Boulevard, Springfield, Virginia 22153. Attn: Cadastral Survey.

SUPPLEMENTARY INFORMATION: This survey was requested by the U.S. Army Corps of Engineers.

The lands we surveyed are:

Fifth Principal Meridian, Missouri

T. 51 N., Rs. 2 and 3 E.

The plat of survey represents the dependent resurvey of portions of the township boundaries, portions of the subdivisional lines and the survey of the Lock and Dam No. 25 acquisition boundary, in Township 51 North, Ranges 2 and 3 East, of the Fifth Principal Meridian, in the State of Missouri, and was accepted on October 29, 2004.

We will place a copy of the plat we described in the open files. It will be made available to the public as a matter of information.

Dated: October 29, 2004

Stephen D. Douglas,

Chief Cadastral Surveyor.

[FR Doc. 04–26802 Filed 12–6–04; 8:45 am]

BILLING CODE 4310–GJ–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–653 (Second Review)]

Sebacic Acid From China

AGENCY: International Trade Commission.

ACTION: Cancellation of the hearing in the full five-year review concerning the antidumping duty order on sebacic acid from China.

DATES: *Effective Date:* December 3, 2004.

FOR FURTHER INFORMATION CONTACT: Jai Motwane (202) 205–3176, Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on (202) 205–1810. Persons with mobility impairments who will need special assistance in gaining access to the

Commission should contact the Office of the Secretary at (202) 205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background

On July 28, 2004 (69 FR 45075), the Commission published a notice in the **Federal Register** scheduling a full five-year review concerning the antidumping duty order on sebacic acid from China. The schedule provided for a public hearing on December 7, 2004. A request to appear at the hearing was filed by Arizona Chemicals (''Arizona'') on November 26, 2004. On December 2, 2004, Arizona withdrew its request. As no other requests to appear at the hearing were filed, the Commission determined to cancel the public hearing on sebacic acid from China. The Commission further determined that no earlier announcement of this cancellation was possible.

For further information concerning this review, see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and F (19 CFR part 207).

(Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to sections 201.35 and 207.62 of the Commission's rules.)

Issued: December 3, 2004.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–26949 Filed 12–8–04; 8:45 am]

BILLING CODE 7020–02–P

PAROLE COMMISSION

Public Announcement; Pursuant to the Government in the Sunshine Act (Public Law 94–409) (5 U.S.C. Section 552b)

AGENCY HOLDING MEETING: Department of Justice, United States Parole Commission.

TIME AND DATE: 9:30 a.m., Wednesday, December 8, 2004.

PLACE: 5550 Friendship Boulevard, 4th Floor, Chevy Chase, Maryland 20815.

STATUS: Open.

MATTERS TO BE CONSIDERED: The following matters have been placed on the agenda for the open Parole Commission meeting: (1) Approval of minutes from a previous Commission meeting; (2) reports from the Chairman, Commissioners, Chief of Staff, and Commission sections; and (3) a proposal to extend the video conference procedure to institutional revocation hearings.

AGENCY CONTACT: Thomas W. Hutchison, Chief of Staff, United States Parole Commission, (301) 492–5990.

Dated: December 1, 2004.

Rockne Chickinell,

General Counsel, United States Parole Commission.

[FR Doc. 04–26909 Filed 12–3–04; 10:03 am]

BILLING CODE 4410–01–M

DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–55,936]

3M Center Coated Abrasives Division St. Paul, MN; Notice of Termination of Investigation

Pursuant to Section 221 of the Trade Act of 1974, as amended, an investigation was initiated on November 5, 2004 in response to a petition filed by a state workforce representative on behalf of workers at 3M Center, Coated Abrasives Division, St. Paul, Minnesota.

The petitioner has requested that the petition be withdrawn. Consequently, the investigation has been terminated.

Signed at Washington, DC this 18th day of November, 2004.

Linda G. Poole,

Certifying Officer, Division of Trade Adjustment Assistance.

[FR Doc. E4–3516 Filed 12–6–04; 8:45 am]

BILLING CODE 4510–30–P

DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–55–964]

Accountemps, Leased Workers at Delta Energy Systems, Inc., Formerly Known as Ascom Energy Systems, Inc., Palm Court, FL; Notice of Termination of Investigation

Pursuant to section 221 of the Trade Act of 1974, an investigation was initiated on November 9, 2004 in response to a worker petition which was filed on behalf of workers at Accountemps, leased to Delta Energy Systems, Inc., formerly known as Ascom Energy Systems, Inc., Palm Court, Florida.

An active certification covering the petitioning group of workers is already in effect (TA–W–55,407, as amended). Consequently, further investigation in this case would serve no purpose, and the investigation has been terminated.

Signed in Washington, DC this 18th day of November 2004.

Richard Church,

Certifying Officer, Division of Trade Adjustment Assistance.

[FR Doc. 04–26825 Filed 12–6–04; 8:45 am]

BILLING CODE 4510–30–M

DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–55,933]

Artisan Software Tools Inc. Portland, OR; Notice of Termination of Investigation

Pursuant to Section 221 of the Trade Act of 1974, as amended, an investigation was initiated on November 4, 2004 in response to a worker petition filed by a company official on behalf of workers at Artisan Software Tools Inc., Portland, Oregon.

All workers were separated from the subject firm more than one year before the date of the petition. Section 223 (b) of the Act specifies that no certification may apply to any worker whose last separation occurred more than one year before the date of the petition. Consequently, further investigation in this case would serve no purpose, and the investigation has been terminated.

Signed at Washington, DC this 19th day of November 2004.

Richard Church,

Certifying Officer, Division of Trade Adjustment Assistance.

[FR Doc. E4–3517 Filed 12–6–04; 8:45 am]

BILLING CODE 4510–30–P

DEPARTMENT OF LABOR

Employment and Training Administration

[TA–W–55,955]

Atlas Copco Compressors Inc., Holyoke, MA; Notice of Termination of Investigation

Pursuant to section 221 of the Trade Act of 1974, as amended, an investigation was initiated on November 9, 2004, in response to a worker petition filed on behalf of workers at Atlas

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–653 (Second Review)]

Sebacic Acid From China

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject review.

EFFECTIVE DATES: January 25, 2005.

FOR FURTHER INFORMATION CONTACT: Jai Motwane (202–205–3176), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its internet server (*http://www.usitc.gov*). The public record for this review may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov*.

SUPPLEMENTARY INFORMATION: On July 28, 2004 (69 FR 45075), the Commission published a notice in the **Federal Register** scheduling a full five-year review concerning the antidumping duty order on sebacic acid from China. Pursuant to 19 U.S.C. 1675 (c)(5)(B),[1] the Commission has extended the review period by up to 90 days.

The record in this review will be reopened and parties may submit final comments on any new information on or before April 21, 2005. Such final comments must comply with section 207.68 of the Commission's rules.

For further information concerning this review, see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and F (19 CFR part 207).

Authority: This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to sections 201.35 and 207.62 of the Commission's rules.

By order of the Commission.

Issued: January 25, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05–1655 Filed 1–27–05; 8:45 am]

BILLING CODE 7020–02–P

[1] As a transition order five-year review, the subject review is extraordinarily complicated pursuant to section 751(c)(5)(C) of the Tariff Act of 1930.

DEPARTMENT OF JUSTICE

Bureau of Alcohol, Tobacco, Firearms and Explosives

Agency Information Collection Activities: Proposed Collection; Comments Requested

ACTION: 60-day notice of information collection under review: Firearms Transaction Record Part II—Intrastate Non-Over-the-Counter.

The Department of Justice (DOJ), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collection is published to obtain comments from the public and affected agencies. Comments are encouraged and will be accepted for ''sixty days'' until March 29, 2005. This process is conducted in accordance with 5 CFR 1320.10.

If you have comments, especially on the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions or additional information, please contact: Cherie Knoblock, Firearms Enforcement Branch, Room 7202, 650 Massachusetts Avenue NW., Washington, DC 20226.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

—Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

—Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

—Enhance the quality, utility, and clarity of the information to be collected; and

—Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

Overview of this information collection:

(1) *Type of Information Collection:* Extension of a currently approved collection.

(2) *Title of the Form/Collection:* Firearms Transaction Record Part II—Intrastate Non-Over-the-Counter.

(3) *Agency Form Number, if Any, and the Applicable Component of the Department of Justice Sponsoring the Collection:* Form Number: ATF F 4473 Part II (5300.9). Bureau of Alcohol, Tobacco, Firearms and Explosives.

(4) *Affected Public Who Will be Asked or Required to Respond, as Well as a Brief Abstract:* Primary: Individuals or households. Other: Business or other for-profit. The form is used to determine the eligibility of a person to receive a firearm from a Federal firearms licensee and to establish the identity of the buyer. The form is also used in law enforcement investigations to trace firearms or to confirm criminal activity.

(5) *An Estimate of the Total Number of Respondents and the Amount of Time Estimated for an Average Respondent to Respond:* It is estimated that 500 respondents will complete a 20 minute form.

(6) *An Estimate of the Total Public Burden (in Hours) Associated With the Collection:* There are an estimated 167 annual total burden hours associated with this collection.

If additional information is required contact: Brenda E. Dyer, Department Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Patrick Henry Building, Suite 1600, 601 D Street NW., Washington, DC 20530.

Dated: January 25, 2005.

Brenda E. Dyer,

Department Clearance Officer, Department of Justice.

[FR Doc. 05–1582 Filed 1–27–05; 8:45 am]

BILLING CODE 4410–FY–P

with section 351.213(d)(1) of the Department's regulations.

The Department will issue appropriate assessment instructions directly to U.S. Customs and Border Protection (''CBP'') within 15 days of the publication of this notice. The Department will direct CBP to assess antidumping duties for this company at the cash deposit rate in effect on the date of entry for entries during the period August 1, 2003, through July 31, 2004.

Notification to Parties

This notice serves as a reminder to importers of their responsibility under section 351.402(f) of the Department's regulations to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this period of time. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and subsequent assessment of double antidumping duties.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with section 351.305(a)(3) of the Department's regulations. Timely written notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

This notice is issued and published in accordance with section 351.213(d)(4) of the Department's regulations and sections 751(a)(2)(C) and 777(i)(1) of the Tariff Act of 1930, as amended.

Dated: March 16, 2005.

Barbara E. Tillman,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. E5–1400 Filed 3–29–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

A–570–825

Sebacic Acid from the People's Republic of China: Final Results of Antidumping Duty Changed Circumstances Review and Reinstatement of the Antidumping Duty Order

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

SUMMARY: On November 26, 2004, the Department of Commerce (the Department) published the preliminary results of the changed circumstances review and intent to reinstate the Tianjin Chemicals Import and Export Corporation (Tianjin) in the antidumping duty order on exports of sebacic acid from the People's Republic of China (PRC). *See Sebacic Acid From the People's Republic of China: Preliminary Results of Changed Circumstances Review and Intent to Reinstate the Antidumping Duty Order*, 69 FR 68879 (November 26, 2004) (*Preliminary Results*). This review covers subject merchandise exported by Tianjin. The products covered by this order are all grades of sebacic acid which include, but are not limited to, CP Grade, Purified Grade, and Nylon Grade (*see* ''Scope of the Review'' section below). The period of review (POR) is July 1, 2002, through June 30, 2003. Based on our analysis of the comments received, we have made changes in the margin calculation. Therefore, the final results differ from the preliminary results. We determine that Tianjin sold subject merchandise at less than normal value (NV) during the referenced period, and hereby reinstate Tianjin in the order. The final weighted–average dumping margin is listed below in the section entitled ''Final Results of Review.''

EFFECTIVE DATE: March 30, 2005.

FOR FURTHER INFORMATION CONTACT: Jennifer Moats or Brian Ledgerwood, AD/CVD Operations, Office 8, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–5047 or (202) 482–3836, respectively.

SUPPLEMENTARY INFORMATION:

Background

On November 26, 2004, the Department published in the **Federal Register** the preliminary results of changed circumstances review and intent to reinstate Tianjin in the antidumping duty order on exports of sebacic acid from the PRC. *See Preliminary Results*. This review covers subject merchandise exported by Tianjin. The POR is July 1, 2002, through June 30, 2003.

We invited interested parties to comment on the preliminary results of review. We received comments from Tianjin on January 3, 2005. On March 11, 2005, we put excerpts from the International Trade Commission's Staff Report on the record and invited parties to comment. The hearing was held on March 15, 2005. The Department has conducted this changed circumstances review in accordance with section 751(b) of the Tariff Act of 1930, as amended (the Act).

Scope of the Order

The products covered by this order are all grades of sebacic acid, a dicarboxylic acid with the formula $(CH2)_8(COOH)_2$, 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 principle 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). Although the *HTSUS* subheading is provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Separate Rates

We initiated this changed circumstance review for the sole purpose of determining whether Tianjin has resumed dumping of sebacic acid from the PRC. We did not require Tianjin to answer questions related to separate rates because no administrative review has been initiated that would require Tianjin to substantiate a *de facto* and *de jure* absence of government control of its export activities. We have not received any other information since the *Preliminary Results* which would indicate that Tianjin is not eligible for a separate rate. Therefore, we determine that Tianjin should be assigned an individual dumping margin in this changed circumstances review.

Analysis of Comments Received

All issues raised in the case brief submitted by Tianjin to this changed circumstances review are addressed in the ''Issues and Decision Memorandum''

(*Decision Memo*) from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated March 23, 2005, which is adopted by this notice. A list of the issues which parties have raised are in the *Decision Memo* and it is attached to this notice as an appendix. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room B–099, of the main Commerce building. In addition, a complete version of the Decision Memo can be accessed directly on the Web at http://www.ia.ita.doc.gov/frn. The paper copy and electronic version of the Decision Memo are identical in content.

Changes Since the Preliminary Results

Based on our analysis of comments received, we have made certain changes in the margin calculations. These changes are discussed in the relevant sections of the *Decision Memo* and the Memorandum to the File from Jennifer Moats, dated March 23, 2005 (*Analysis Memo*). Specifically, for these final results, we have revalued sebacic acid and revalued capryl alcohol with a more recently submitted value for octanol.

Final Results of Review

We determine that the following weighted–average margin percentage exists for the period July 1, 2002, through June 30, 2003:

Manufacturer/Exporter	Margin
Tianjin Chemicals Import and Export Corporation	26.33 percent

Since we have established that sebacic acid exported by Tianjin is being sold at less than NV, Tianjin is hereby reinstated in the antidumping duty order effective on the publication date of this notice. We will advise U.S. Customs and Border Protection (CBP) to collect a cash deposit of 26.33 percent on all entries of the subject merchandise exported by Tianjin that are entered, or withdrawn from warehouse, for consumption on or after, the publication date of these final results. This requirement shall remain in effect until publication of the final results of the next administrative review as to Tianjin. There are no changes to the rates applicable to any other companies under this antidumping duty order.

Notification to Interested Parties

The Department will disclose calculations performed in connection with the final results of review within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b) of its regulations.

This notice also serves as a reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3) of the Department's regulations. Timely written notification of the 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.

We are issuing and publishing this determination and notice in accordance with section 751(b)(1) of the Act and 19 CFR 351.216.

Dated: March 23, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

Appendix - - Issues in Decision Memo

Comments

1. Authority to Reinstate the Antidumping Duty Order
2. Lack of Domestic Interested Party
3. Appearance of Cognis Corporation
4. Valuation of Sebacic Acid
5. Valuation of Activated Carbon
6. Valuation of Capryl Alcohol
7. Selection of Surrogate Financial Ratios

[FR Doc. E5–1401 Filed 3–29–05; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–122–838]

Notice of Preliminary Results of Antidumping Duty Changed Circumstances Review: Certain Softwood Lumber Products From Canada

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

SUMMARY: On September 2, 2004, the Department of Commerce published a notice of initiation of changed circumstances review of the antidumping duty order on certain softwood lumber products from Canada. The review was initiated to determine the appropriate cash deposit rate for Produits Forestiers Saguenay Inc., a previously inactive holding company which began producing softwood lumber and exporting it to the United States as of June 1, 2004, and is currently owned by Abitibi Consolidated Company of Canada. We have preliminarily concluded that Produits Forestiers Saguenay Inc. should be assigned the same cash deposit rate as the Abitibi Group.

DATES: *Effective Dates:* March 30, 2005.

FOR FURTHER INFORMATION CONTACT: Constance Handley or Saliha Loucif, AD/CVD Enforcement, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–0631 or (202) 482–1779, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 29, 2004, in accordance with section 751(b)(1) of the Act and 19 CFR 351.216(b) (2004), the Abitibi Group and Produits Forestiers Saguenay (PFS), both Canadian producers of softwood lumber products and interested parties in this proceeding, filed a request for a changed circumstances review. The Abitibi Group is composed of Abitibi-Consolidated Inc. (ACI), Abitibi Consolidated Company of Canada (ACCC), Produits Forestiers Petit Paris Inc. (PFPP), and Societe en Commandite Scierie Opitciwan (Opitciwan).

In response to this request, the Department of Commerce (the Department) initiated a changed circumstances review of the antidumping duty order on certain softwood lumber from Canada. *See Initiation of Antidumping Duty Changed Circumstances Review: Certain Softwood Products from Canada,* 69 FR 53681 (September 2, 2004) *(Initiation Notice).* On October 18, 2004, the Department issued to the Abitibi Group a questionnaire requesting further details on PFS' affiliation with the Abitibi Group. The Abitibi Group's response was received by the Department on November 18, 2004. The petitioner, the Coalition of Fair Lumber Imports Executive Commission, did not file comments with respect to the request.

Scope of the Order

For purposes of the order, the products covered are certain softwood lumber products from Canada. For a complete description of the scope of the order, *see Initiation Notice*.

Preliminary Results of the Review

In submissions to the Department dated July 29, 2004, and November 18,

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY
in
Sebacic Acid from China, Inv. No. 731-TA-653 (Second Review)

On July 6, 2004, the Commission unanimously determined that it should proceed to a full review in the subject five-year review pursuant to section 751(c) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c).

The Commission received a response from one domestic producer, SST Materials, Inc. d/b/a Genesis Chemicals, Inc. ("Genesis"). The Commission determined that Genesis' domestic producer response was individually adequate. The Commission also determined that the response was an adequate domestic interested party group response because Genesis accounts for 100 percent of any current U.S. production of sebacic acid.

The Commission received responses from two respondent interested parties. The Commission determined that the individual response of importer Arizona Chemical Co. ("ACC") was adequate. The Commission determined that the individual response of importer Morflex, Inc. ("Morflex") was inadequate because Morflex failed to provide information responsive to much of the notice of institution, including data on the quantity and value of its own imports. The Commission determined that the respondent interested party response was inadequate because ACC, the only respondent interested party to file an individually adequate response, did not import sebacic acid in 2003.[1]

In the original investigation and the first five-year review, Union Camp was the sole domestic producer of sebacic acid. ACC, the successor in interest to Union Camp's chemical business, shut down Union Camp's sebacic acid production operations in 2002 and began importing sebacic acid in 2004. Genesis initiated U.S. production of sebacic acid in 2002, although questions exist as to extent of Genesis' actual production operations. Given the far-reaching changes to the composition of the domestic industry since the last review, the Commission found that a full review was warranted.

In light of these circumstances, the Commission did not exercise its discretion to conduct an expedited review, but instead determined to conduct a full review. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (http://www.usitc.gov).

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[1]Commissioner Lane determined that the respondent interested party group response was adequate.

APPENDIX B

SUMMARY DATA

Table B-1
Sebacic acid: Summary data concerning the U.S. market, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Table B-2
Sebacic acid and azelaic acid: Summary data concerning the U.S. market, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Table B-3
Sebacic acid and azelaic acid (excluding Genesis): Summary data concerning the U.S. market, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

Table B-4
Azelaic acid: Summary data concerning the U.S. market, 1998-2003, January-June 2003, and January-June 2004

* * * * * * *

APPENDIX C

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

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of sebacic acid in the future if the antidumping duty order were to be revoked (Question II-4 in the Producers' Questionnaire). Their responses were as follows:

Arizona

"***."

Genesis

"***."

U.S. producers were asked whether they anticipated any changes in their production capacity, production, U.S. shipments, purchases, or employment relating to the production of sebacic acid in the future if the antidumping duty order were to be revoked (Question II-20 in the Producers' Questionnaire). Their responses were as follows:

Arizona

"***."

Genesis

"***."

U.S. producers were asked to describe the significance of the existing antidumping duty order in terms of its effect on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditure, research and development expenditures, and asset values (Question II-19 in the Producers' Questionnaire). Their responses were as follows:

Arizona

"***."

Genesis

"***."

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. importers were asked whether they anticipated any changes in the character of their operations or organization relating to the importation of sebacic acid in the future if the antidumping duty order were to be revoked (Question II-4 in the Importers' Questionnaire). Their responses were as follows:

***

"No."

***

"{We} would conduct a market review at that time to determine if sales of sebacic acid would make a positive contribution to our profits."

***

"No."

***

"No. Since we have already ceased importing sebacic acid, the antidumping order will have no effect on our imports. But ***."

***

"***. If the antidumping order were to be revoked, we feel we would lose business. Likely lose volume of sales and margin."

***

"This could only be good for our business. This would:

1. Open up supply availability to the United States from China. Most of the world supply is made in China and currently we have shut out most of this supply by only having a low or no penalty duty on two Chinese producers, such that these producers have a monopoly on sales to the United States, and they are very happy and comfortable with this arrangement. Opening the supply to all would bring price competition and lower the price."

2. Allow competition on sebacate esters. ***.

***

"No."

***

"No."

U.S. importers were asked whether they anticipated any changes in their imports, U.S. shipments of imports, or inventories of sebacic acid in the future if the antidumping duty order were to be revoked (Question II-13 in the Importers' Questionnaire). Their responses were as follows:

***

"No."

***

"At the time of revocation, we would do a market study to determine the share of market available and profit potential."

***

"No."

***

"No. We no longer import sebacic acid. If the antidumping duty were revoked ***."

***

"I believe we would lose some market share if the antidumping order were revoked."

***

"We believe our sales and contribution margins on sebacate esters would increase."

***

"No."

***

"No."

U.S. importers were asked to describe the significance of the existing antidumping duty order covering imports of sebacic acid from China in terms of its effects on their imports, U.S. shipments of imports, and inventories (Question II-11 in the Importers' Questionnaire). Their responses were as follows:

***

"No effect. We just did one import deal for a customer here."

***

"***."

***

"None."

***

"***."

***

"***."

***

"***."

***

"None."

***

"The existing antidumping duty order currently does not effect {*sic*} our firm's import {*sic*}."

U.S. importers were asked whether they had undertaken any changes in their imports, U.S. shipments of imports, or inventories of sebacic acid as a result of revocation of the antidumping duty order with respect to Hengshui Dongfeng Chemical Co., Ltd. and Sinochem Tianjin Import & Export Corp. (Question II-12 in the Importers' Questionnaire). Their responses were as follows:

***

"No."

***

"No."

***

"No."

***

"No."

***

"Just a continuation of our imports. We try to ***."

***

"No."

***

"No."

***

"No."

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

U.S. purchasers were asked to describe the likely effects of any revocation of the antidumping duty order covering sebacic acid from China in terms of (1) the future activities of their firm and (2) the U.S. market as a whole (Question III-36 in the Purchasers' Questionnaire). Their responses were as follows:

***

"Revocation of the duties would likely increase the number of suppliers interested in selling sebacic acid into the U.S., which would result in increased competition. More buying options for us."

***

No response.

***

"Lower pricing both domestically and overseas."

***

No response.

***

No response.

***

"(1) None; (2) not known."

***

"***."

***

"The duty should be removed since there is no U.S. supplier/Indian supplier that can offer material to the U.S. China continues to control the market, prices continue to go up. The entire global market is in a shortage."

***

"***."

***

"Chinese produced sebacic acid will/could replace more expensive alternatives (azelaic acid & dibutyl sebacate) over time. We do not anticipate changing formulae and would continue to use sebacic acid. Timetable could be one to two years. Sebacic acid is employed now by about 70 percent of 'lithium & lithium complex' industrial grease manufacturers. This number could rise if antidumping order {were to be} revoked."

***

"An increase in cost of sebacic acid could cause us to increase our price of finished product{s}, which can always lead to lost business."

***

"Sebacic acid at a lower cost could increase its usage in metalworking fluids by 10 to 15 percent. This would take place over the next year, as reformulations and new operations arise. Lubricants in general could benefit from lower cost sebacic {acid}."

***

"(1) Immediate - I will buy from a{n} approved source in China; (2) very competitive pricing, supply and quality will drive supplier choices. More opportunities in other applications - cost driven."

***

"(1) Would be more competitive, could grow volume with conversions from European sources as well as azelaic acid switches; (2) lower prices to end user{s}."

***

"None."

***

"(1) We will continue to purchase product from our current suppliers, as long as product is available; (2) revocation of the antidumping duty will cause imported material to be cheaper, therefore many companies will start to get product from overseas versus here in the U.S."

***

"We would refocus on the economics to make *** versus buy{ing} it."

FOREIGN PRODUCERS'/EXPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDER AND THE LIKELY EFFECTS OF REVOCATION

Foreign producers and exporters were asked whether they anticipated any changes in the character of their operations or organization relating to the production of sebacic acid in the future if the antidumping order were to be revoked (Question II-3 in the Foreign Producers'/Exporters' Questionnaire). Their responses were as follows:

***

"***."

***

"***."

***

"***."

Foreign producers and exporters were asked to describe the significance of the existing antidumping order covering sebacic acid from China in terns of its effect on their production capacity, production, home market shipments, exports to the United States and other markets, or inventories (Question II-14 in the Foreign Producers'/Exporters' Questionnaire). Their responses were as follows:

***

"***."

***

"***."

***

“***.”

Foreign producers and exporters were asked whether they anticipated any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of sebacic acid in the future if the antidumping duty order on sebacic acid from China were to be revoked (Question II-15 in the Foreign Producers’/Exporters’ Questionnaire). Their responses were as follows:

***

“***.”

***

“***”

***

“***.”

APPENDIX D

GENESIS SEBACIC ACID PRODUCT SPECIFICATION LIST

Sebacic Acid

CAS # 111-20-6

High Quality Product
Available in 50 lb bags or 500/1000 kg supersacks

Phone: (513) 697-4374
Fax: (513) 697-4379
Website: genesischemicals.com

Sebacic Acid

Molecular Formula $C_{10}H_{18}O_4$

A Quality Product in three Grades

Properties	[illegible]	GMP Grade	
Appearance	White free flowing crystalline or prill	White free flowing crystalline or prill	White free flowing crystalline
Purity (%)	99.5 min	99.5 min.	99.5 min.
Ash (%)	0.05 max.	0.01 max.	0.01 max.
Moisture (%)	0.50 max.	0.30 max.	0.30 max.
Melting Point	132.0 – 134.0° C	132.0 – 134.0° C	132.0 – 134.0° C
Color, (APHA)	50 max.	20 max.	20 max.
Acid value mg KOH/g	544 min.	544 min.	544 min.
Carbon as C_{10} (%)	97.0 min.	98.5 min.	98.5 min.
Carbon as C_{11} (%)	Report	Report	Report
Carbon as C_{12} (%)	Report	Report	Report
FTIR	Conforms	Conforms	Conforms
	Sebacic Acid MW is a C-10 dibasic acid product that has a typical dibasic content of 99.5% and a light color	***Sebacic Acid PA*** is a C-10 dibasic acid product that has a typical dibasic acid content of 99.5% and an exceptionally light color.	***Sebacic Acid GMP*** is a C-10 dibasic acid product that has a typical dibasic acid content of 99.5% and an exceptionally light color manufactured under GMP protocol.

March 18, 2003

This information is believed to be reliable; however, all recommendations are made without guarantee, since the conditions of use are beyond our control. All products are sold without warranty, expressed or implied, and on the condition that purchasers shall make their own tests to determine the suitability of such products for their purpose and that the user assumes all risks. Statements contained herein shall not be construed to be a recommendation to infringe any patents.

APPENDIX E

UNION CAMP/ARIZONA'S SEBACIC ACID PRODUCTION PROCESS

* * * * * * *

APPENDIX F

PRODUCTION PROCESS FOR SEBACIC ACID SOLD BY GENESIS

* * * * * * *