Glycine from The People's Republic of China

Investigation No. 731-TA-718 (Preliminary)

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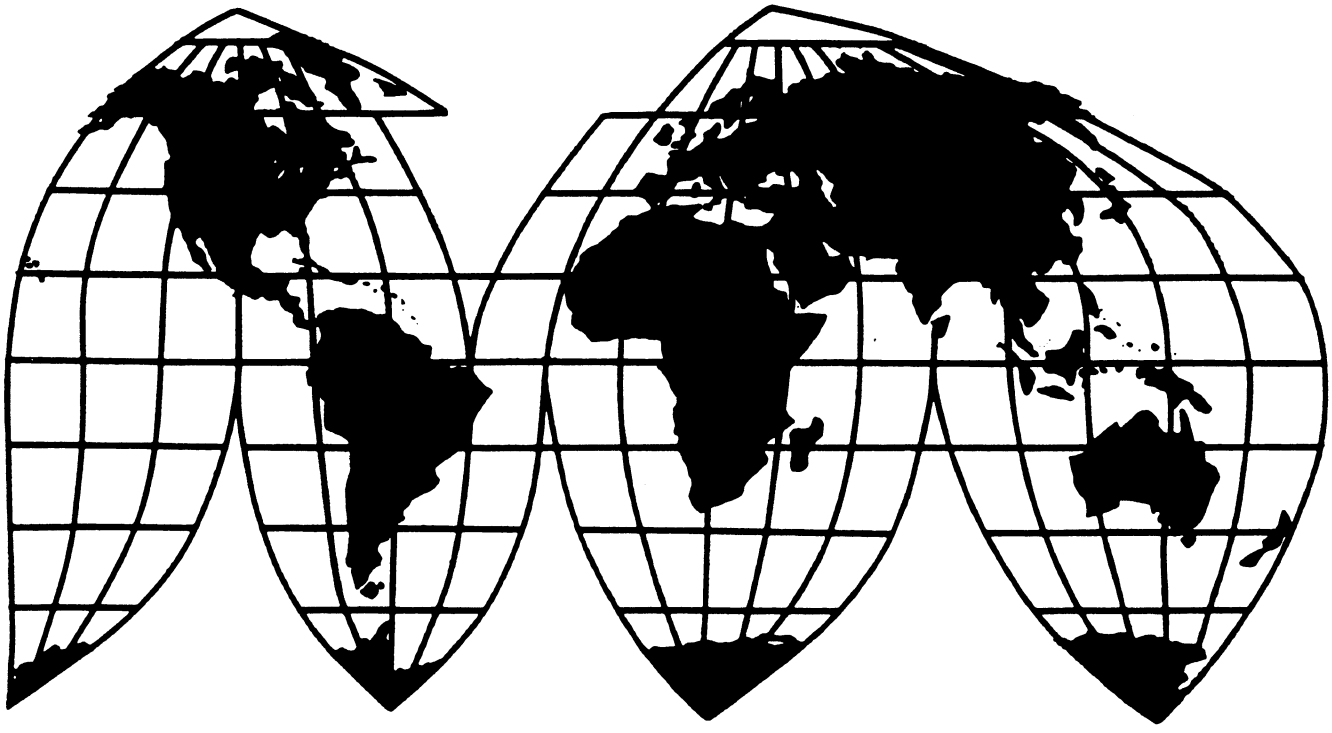
U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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.

PART I

DETERMINATION AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-718 (Preliminary)

GLYCINE FROM THE PEOPLE'S REPUBLIC OF CHINA

Determination

On the basis of the record[1] developed in the subject investigation, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury[2] by reason of imports from the People's Republic of China of glycine, provided for in subheading 2922.49.40 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at LTFV.

Background

On July 1, 1994, a petition was filed with the Commission and the Department of Commerce by Hampshire Chemical Corporation, Lexington, MA, and Chattem, Inc., Chattanooga, TN, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of glycine from the People's Republic of China. Accordingly, effective July 1, 1994, the Commission instituted antidumping investigation No. 731-TA-718 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference 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* of July 8, 1994 (59 F.R. 35137). The conference was held in Washington, DC, on July 22, 1994, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commissioner Crawford determines that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of glycine from the People's Republic of China that are allegedly sold in the United States at less than fair value (LTFV).

VIEWS OF THE COMMISSION

Based on the record in this preliminary investigation, we determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of glycine from the People's Republic of China that are allegedly sold in the United States at less than fair value ("LTFV").[1] [2]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard in preliminary antidumping duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly LTFV imports.[3] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation."[4]

II. LIKE PRODUCT AND DOMESTIC INDUSTRY

In determining whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[5] In turn, the Act defines "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."[6]

The Commission's decision regarding the appropriate like product(s) in an investigation is essentially a factual determination, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[7] No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a particular investigation. Generally, the Commission requires "clear

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[1] Whether there is a reasonable indication that the establishment of an industry in the United States is materially retarded is not an issue in this investigation.

[2] Commissioner Crawford determines that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of glycine from the People's Republic of China that are allegedly sold in the United States at LTFV. See Additional Views of Commissioner Crawford.

[3] 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. USITC, 794 F. Supp. 377, 381 (CIT 1992).

[4] American Lamb, 785 F.2d at 1001; see also Torrington Co. v. United States, 790 F. Supp. 1161, 1165 (CIT 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993).

[5] 19 U.S.C. § 1677(4)(A).

[6] 19 U.S.C. § 1677(10).

[7] See Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (CIT 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("[E]very like product determination 'must be made on the particular record at issue' and the 'unique facts of each case.'"). In analyzing like product issues, the Commission generally considers six factors, including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and (6) where appropriate, price. Calabrian, 794 F. Supp. at 382 n.4.

dividing lines among possible like products" and disregards minor variations.[8] Additionally, the Commission generally declines to find separate like products based on different grades of a chemical or mineral product.[9]

The merchandise subject to investigation is glycine from the People's Republic of China ("China"). Glycine, also known as aminoacetic acid, is an organic chemical which is synthetically manufactured for commercial purposes.[10] In its notice of initiation, the Department of Commerce defined the scope of the investigation to encompass "glycine of all purity levels."[11]

The only parties to the investigation to take a position on the issue of like product are co-petitioners Hampshire Chemical Corp. ("Hampshire") and Chattem Inc., the two U.S. producers of glycine. Petitioners contend that all glycine should be treated as a single like product. For the reasons stated below, we have determined that all glycine should be treated as a single like product.

All glycine, regardless of grade, has the same chemical structure.[12] Because of glycine's chemical structure, it has a number of distinctive physical qualities, making it useful as a flavor enhancer, nutrient, buffer, and intermediate in certain production processes.[13] No other single chemical has a comparable range of characteristics.[14]

Glycine is principally used in the production of antiperspirants, animal feed and pharmaceutical products, and in other industrial applications.[15] Pharmaceutical and food applications use USP grade glycine exclusively. In the other applications, however, both USP and technical grades of domestically-produced glycine are used.[16] Thus, there is significant interchangeability between the two grades of glycine.[17]

Channels of distribution are similar for all domestically-produced glycine. Both grades of glycine are sold both to end-users and distributors, with the majority of each grade shipped to end-users.[18]

The testimony of Hampshire's and Chattem's witnesses at the conference indicates that those firms perceive glycine to be a single business, distinct from those producers' other

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[8] Torrington, 747 F. Supp. at 748-49.

[9] See, e.g., Silicon Carbide from the People's Republic of China, Inv. No. 731-TA-651 (Final), USITC Pub. 2779 at I-9 (June 1994); Saccharin from China and Korea, Inv. Nos. 731-TA-675-676 (Preliminary), USITC Pub. 2716 at I-6-7 & n.20 (Jan. 1994); Sebacic Acid from the People's Republic of China, Inv. No. 731-TA-563 (Preliminary), USITC Pub. 2676 at 8 & n.18 (Sept. 1993).

[10] Confidential Report ("CR") at I-4; Public Report ("PR") at II-3.

[11] 58 Fed. Reg. 38435 (July 28, 1994). Glycine is produced and commercially sold at two purity levels: USP grade and technical grade. The USP grade complies with specifications and test methods of the United States Pharmacopeia, a reference book published by the United States Pharmacopeial Convention, Inc., an organization that establishes standards for pharmaceutical products. Petition at 3. The term "USP grade" is sometimes also used by those in the industry to encompass glycine manufactured in compliance with the Food Chemicals Codex. Such glycine, also called "Glycine FCC," is the same product as glycine of USP grade, with slightly different testing performed upon it to satisfy certification requirements. See Petition at 3; Tr. at 59-60 (DeGeorge). Technical grade glycine must meet certification requirements that are less stringent than those for USP grade. Tr. at 60-61 (DeGeorge).

[12] See CR at I-4, PR at II-3-4.

[13] Tr. at 10 (DeGeorge).

[14] Tr. at 56 (DeGeorge).

[15] Tr. at 30-31 (DeGeorge); Petitioners' Postconference Brief, app. 1 at 2-3; CR at I-5, I-44, PR at II-4, II-18.

[16] Petitioners' Postconference Brief, app. 1 at 5.

[17] See CR at I-5, PR at II-4; Petition at 9; Tr. at 104.

[18] CR at I-16 n.33, PR at II-8 n.33.

businesses.[19] The testimony offered by respondents describing the perceptions of end-users also supports the inference that customers perceive glycine as a single product regardless of grade.[20]

The two domestic glycine producers use different production processes. Hampshire uses the same production process, facilities, and employees for both USP and technical grade glycine, although some of the USP glycine used for pharmaceutical applications undergoes an extra purification step.[21] In the process used by Chattem, all grades go through several common production processes, and those processing steps that are not common are undertaken using the same employees and facilities.[22]

Because all grades of glycine have common physical characteristics and end uses, share common channels of distribution, and generally share common production processes, facilities, and employees, we determine that there is one like product in this investigation, encompassing all grades of glycine. Consequently, we find that there is one domestic industry in this investigation consisting of the two domestic producers of glycine, co-petitioners Hampshire and Chattem.

III. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of allegedly LTFV imports, the Commission considers all relevant economic factors that bear on the state of the industry in the United States.[23] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the business cycle and conditions of competition distinctive to the industry."[24]

Apparent U.S. consumption of glycine rose steadily from 1991 to 1993, but was lower in the first quarter of 1994 than in the first quarter of 1993 ("the interim period comparison").[25] Domestic producers' U.S. shipments followed similar trends. Shipments increased at a lower rate than consumption from 1991 to 1993, however, and showed a larger percentage reduction during the interim period comparison.[26] Thus the percentage of domestic consumption accounted for by domestic producers' shipments rose slightly from 1991 to 1992 but declined throughout the remainder of the period of investigation. Domestic

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[19] Tr. at 9-10 (DeGeorge), 21-23 (Smith). See also CR at I-47 n.64, PR at II-11.

[20] See Tr. at 104-06; Respondents' Postconference Brief, ex. 2.

[21] Figure 2, CR at I-8, PR at II-5; Petition at 7; Petitioners' Postconference Brief, app. 1 at 6-7; Tr. at 63-64 (DeGeorge).

[22] CR at I-6-7, PR at II-4-5; Petitioners' Postconference Brief, app. 1 at 5; Petition at 10. The pricing data indicate that prices for U.S.-produced USP grade glycine were generally higher than those for U.S.-produced technical grade glycine. Tables 18-23, CR at I-49-51, PR at II-20. Because these differences are not significant, we have not found them to be particularly probative to our like product analysis.

[23] 19 U.S.C. § 1677(7)(C)(iii).

[24] Id.

[25] Measured by quantity, apparent consumption increased by *** percent from 1991 to 1993, and was *** percent lower during the interim period comparison. Measured by value, apparent consumption increased by *** percent from 1991 to 1993, and was *** percent lower in the interim period comparison. Table C-1, CR at C-3, PR at C-3.

[26] Domestic producers' U.S. shipments increased *** percent by quantity and *** percent by value from 1991 to 1993, and were *** percent lower by quantity and *** percent lower by value in the interim period comparison. Table C-1, CR at C-3, PR at C-3.

producers' shipments accounted for a substantial majority of domestic consumption throughout the period of investigation.[27]

U.S. producers' capacity rose from 1991 to 1993 and was also higher in interim 1994 than in interim 1993.[28] This increase occurred although capacity exceeded domestic consumption in 1991, and continued to exceed domestic consumption throughout the remainder of the period of investigation.[29] Domestic production increased from 1991 to 1993, but was lower in interim 1994 than in interim 1993.[30] Capacity utilization consequently rose slightly from 1991 to 1993, and was lower in the interim period comparison.[31]

Domestic producers' inventories declined slightly from 1991 to 1992 and more substantially from 1992 to 1993 but were higher in interim 1994 than in interim 1993.[32] The ratio of inventories to production showed similar trends.[33]

The number of production-related workers, hours worked by such workers, and compensation paid to such workers all increased from 1991 to 1993. These employment-related indicators were lower, however, in interim 1994 than in interim 1993.[34]

The financial performance of U.S. producers' glycine operations increased steadily from 1991 to 1993 but declined in the first quarter of 1994 as compared to the first quarter of 1993. Operating income and operating income margins increased sharply from 1991 to 1993.[35] The particularly large increase in operating income and margins from 1992 to 1993 coincided with a decline in the ***. The *** were also lower in interim 1994 than in interim 1993, but the *** were higher in interim 1994 than in interim 1993.[36] Although net sales were lower in interim 1994 than in interim 1993, the industry remained profitable during the first quarter of 1994.[37]

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[27] Measured by quantity, domestic producers' share of domestic consumption increased from *** percent in 1991 to *** percent in 1992, and then fell to *** percent in 1993. Domestic producers' share during the interim periods was *** percent in 1993 and *** percent in 1994. Table C-1, CR at C-3, PR at C-3.

[28] The increase was *** percent from 1991 to 1993 and capacity was *** percent higher in the interim period comparison. Table C-1, CR at C-3, PR at C-3.

[29] Table C-1, CR at C-3, PR at C-3.

[30] The increase from 1991 to 1993 was *** percent. The reduction in the interim period comparison was *** percent. Table C-1, CR at C-3, PR at C-3.

[31] Capacity utilization was at *** percent in 1991, *** percent in 1992 and *** percent in 1993. During the first quarter of 1993, capacity utilization was *** percent; it was *** percent in the first quarter of 1994. Table 2, CR at I-17, PR at II-8.

[32] Inventory levels decreased by *** percent from 1991 to 1992 and by *** percent from 1992 to 1993. They were *** percent higher in the interim period comparison. Table C-1, CR at C-3, PR at C-3.

[33] Table 5, CR at I-22, PR at II-10.

[34] The number of production workers, hours worked, and total compensation increased respectively by *** percent, *** percent, and *** percent from 1991 to 1993. These same three indicators respectively were *** percent, *** percent, and *** percent lower in the interim period comparison. Table C-1, CR at C-3, PR at C-3.

[35] Operating income rose from *** in 1991 to *** in 1993; the ratio of operating income to net sales increased from *** to *** during this period. Table 9, CR at I-29, PR at II-12.

[36] The decline *** reflected a decrease ***. Table 10, CR at I-30, PR at II-12. We will investigate further in any final investigation the reasons for and effects of this decrease.

[37] Operating income was *** in the first quarter of 1993 and *** in the first quarter of 1994. Table 9, CR at I-29, PR at II-12.

Capital expenditures by the domestic industry declined throughout the period of investigation.[38] Research and development expenditures declined irregularly but were higher in interim 1994 than in interim 1993.[39] [40]

IV. NO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS[41]

In preliminary antidumping duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the allegedly LTFV imports.[42] The Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.[43]

Although the Commission may consider alternative causes of injury to the industry other than allegedly LTFV imports, it is not to weigh causes.[44] [45] [46] For the reasons discussed below, we find that there is no reasonable indication that the domestic glycine industry is materially injured by reason of allegedly LTFV imports from China.

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[38] The decline was *** percent from 1991 to 1993. Such expenses were *** percent lower in the interim period comparison. Table C-1, PR at C-3, CR at C-3.

[39] Such expenditures declined by *** percent from 1991 to 1993, but were *** percent higher in the interim period comparison. Table 14, CR at I-34, PR at II-13.

[40] Based on the foregoing, Commissioner Rohr and Commissioner Newquist determine that there is no reasonable indication that the domestic industry is experiencing material injury.

[41] Commissioner Rohr and Commissioner Newquist, having determined that there is no reasonable indication that the domestic industry is experiencing material injury, do not reach the issue of causation. They do not join this section of the opinion.

Commissioner Crawford has determined that there is a reasonable indication of material injury by reason of allegedly LTFV imports and does not join the remainder of the opinion. See Additional Views of Commissioner Crawford.

[42] 19 U.S.C. §§ 1671b(a), 1673b(a).

[43] 19 U.S.C. § 1677(7)(B)(i).

[44] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (CIT 1988). Alternative causes may include the following:

> [T]he volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[45] For Chairman Watson's interpretation of the statutory requirement regarding causation, see Certain Calcium Aluminate Cement Clinker from France, Inv. No. 731-TA-645 (Final), USITC Pub. 2772, at I-14 n.68 (May 1994).

[46] Vice Chairman Nuzum further notes that the Commission need not determine that imports are "the principal, a substantial, or a significant cause of material injury." See, e.g., Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (CIT 1989); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. at 1101.

Both the quantity of imports of glycine from China and the U.S. market penetration of these imports increased substantially during the period of investigation.[47] Notwithstanding these increases, however, the domestic industry's shipments accounted for a large majority of U.S. glycine consumption throughout the entire period of investigation. Moreover, domestic producers succeeded in capturing the majority of the increase in U.S. domestic consumption from 1991 to 1993.[48] [49] Consequently, the volume of subject imports has not yet been sufficient, in absolute terms, to have a significant impact on the domestic industry's production and shipments during the period of investigation.[50] As we discuss further in Section IV, however, our finding that there is no reasonable indication that the current market penetration of subject imports is at an injurious level does not mean that market penetration will not rise to such a level in the imminent future.

At their current volumes, the subject imports have had minimal price effects. Domestic producers sell glycine on both a contract and a spot market basis, with a majority of sales during the period of investigation occurring in the spot market.[51] When glycine is sold under contract, the price is fixed for the duration of the contract.[52] While contract prices at any specific time reflect market conditions at the time the contracts were negotiated, spot market prices at a specific time will reflect current conditions in the marketplace. Thus, one would expect that any price effects of the subject imports would be reflected initially in spot market prices. Yet during the 1993 subject import surge, spot market prices of U.S.-produced technical grade glycine remained stable, and spot market prices of U.S.-produced USP grade glycine did not show consistent trends.[53] Although domestic spot market prices did decline during the first quarter of 1994, we conclude that the record evidence indicates that the subject imports have not yet had significant price depressing or suppressing effects on the domestic like product.

Finally, we find that the subject imports have had no significant adverse impact on the domestic industry. The absence of any impact is demonstrated by the almost uniformly rising trends in production, shipments, employment, and financial performance during the period of investigation. Although several factors did decline between the interim periods, the domestic industry continued to show positive financial performance even during the first quarter of 1994. We consequently determine that there is no reasonable indication of present material injury by reason of the allegedly LTFV imports.

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[47] Tables 16-17, CR at I-41, I-43, PR at II-17-18. The value of subject imports also showed substantial increases from 1991 to 1993, but declined slightly in the interim period comparison. Table 16, CR at I-41, PR at II-17.

We additionally note that there was a large increase in the quantity of non-subject imports from 1992 to 1993 and in the interim period comparison. Id. We will examine this increase further in any final investigation.

[48] Table 1, CR at I-11, PR at II-6.

[49] Chairman Watson notes that the increase in U.S. producers' shipments and the increase in domestic consumption both exceeded the increase in shipments of subject imports.

[50] While domestic producers' shipments and production did decline during the interim period comparison, we are reluctant to place substantial weight on data covering only one quarter of a calendar year. Notwithstanding that the record does not indicate that the glycine industry is subject to substantial seasonal fluctuations, we do not believe that a three-month interim period is of sufficient length to provide fully reliable information about industry performance, especially when the interim period performance contrasts starkly with that of the immediately preceding calendar years. Cf. British Steel Corp. v. United States, 593 F. Supp. 405, 410-11 (CIT 1984) (reasonable for Commission to rely principally on annual rather than quarterly data).

[51] CR at I-45, PR at II-18.

[52] See Tr. at 17-18 (DeGeorge); CR at I-45, PR at II-18.

[53] Tables 20-22, CR at I-50-51, PR at II-20.

V. REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY BY REASON OF ALLEGEDLY LTFV IMPORTS

Section 771(7)(F) of the Act directs us to consider whether a U.S. industry is threatened with material injury by reason of the subject imports "on the basis of evidence that the threat of material injury is real and that actual injury is imminent."[54] We do not make such a determination "on the basis of mere conjecture or supposition."[55] In making our determination, we have considered all of the statutory factors that are relevant to this investigation.[56]

There has been a rapid increase in the United States market penetration of the subject imports, especially during the latter stages of the period of investigation.[57] The quantity of subject imports increased by 68.3 percent from 1991 to 1992 and by 704.6 percent from 1992 to 1993. The quantity of subject imports was also 23.8 percent higher in interim 1994 than in interim 1993.[58] The U.S. market penetration of glycine imports from China increased from a very small level in 1992 to significantly greater levels in 1993 and the first quarter of 1994.[59]

The evidence indicates that subject import penetration has not yet reached its peak and is likely to rise to injurious levels in the future. The quantity of current orders reported by U.S. firms that import glycine from China indicates that import penetration will continue to increase significantly in the immediate future.[60] Moreover, the current record does not contain any specific information concerning the capacity, production, and shipments of the glycine industry in China.[61] Such information is necessary to allow us to determine whether there have been any increases in capacity in China for the production of glycine, or whether underutilized production capacity exists, for purposes of statutory threat factors II and VI.[62]

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[54] 19 U.S.C. §§ 1673d(b) and 1677(7)(F)(ii).

[55] 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallverken Nederland, B.V. v. United States, 744 F. Supp. 281, 287 (CIT 1990). Congress acknowledged that "a determination of threat will require a careful assessment of identifiable current trends and competitive conditions in the marketplace." Calabrian Corp. v. United States, 797 F. Supp. 377, 387-88 (CIT 1992) (citing H.R. Rep. No. 1156, 98th Cong., 2d Sess. 174 (1984)).

[56] 19 U.S.C. § 1677(7)(F)(i). In addition, the Commission must consider whether antidumping findings or remedies in markets of foreign countries against the same class of kind of merchandise suggest a threat of material injury to the domestic industry. See 19 U.S.C. § 1677(7)(F)(iii). There is no evidence of any antidumping remedies imposed in other countries upon glycine from China.

Two of the ten statutory threat factors have no relevance to this investigation and need not be discussed further. Because there are no subsidy allegations, factor I is not applicable. Factor IX regarding raw and processed agricultural products also is inapplicable here.

[57] The following discussion is relevant to statutory threat factor III.

[58] Table 16, CR at I-41, PR at II-17. The value of subject imports also showed substantial increases from 1991 to 1993, but declined slightly in the interim period comparison. Id.

[59] Market penetration, measured in quantity, increased from *** percent in 1992 to *** percent in 1993, and from *** percent to *** percent in the interim period comparison. Table 17, CR at I-43, PR at II-18.

[60] The quantity of current orders with delivery scheduled through the third quarter of 1994 *** the quantity of glycine imported from China during all of 1993. Compare CR at I-37 with I-41, PR II-15 with II-17.

[61] CR at I-38, PR at II-15. In any final investigation, we will continue our efforts to obtain information concerning the Chinese glycine industry relevant to threat analysis.

[62] Information about the Chinese industry would also address the probability of product shifting, which is pertinent to statutory threat factor VIII.

The record contains information that the Chinese government in recent years has targeted the chemical industry generally for substantial increases in capital construction.[63] Consequently, the available data provide a reasonable indication that subject import penetration is likely to increase to injurious levels.

Importers' U.S. inventories of glycine from China increased dramatically from 1991 to 1993.[64] This further supports a conclusion that there is a reasonable indication of threat of material injury.

With respect to the price effects of the subject imports, the record indicates that the subject imports undersold domestically-produced glycine in the majority of available pricing comparisons.[65] Underselling was particularly prevalent in pricing comparisons made during and after the 1993 surge in subject imports.[66] We believe that pricing comparisons are probative because glycine from China is substitutable with the domestic product in several significant end-uses.[67] Furthermore, pricing can be an important factor in purchasing decisions.[68] Consequently, there is a reasonable indication that entry of low-priced subject imports at increased volumes will serve to depress or suppress domestic prices.[69]

We find that there is a reasonable indication that the price and volume effects that increased volumes of subject imports will have upon the domestic industry will be of sufficient magnitude to be injurious.[70] We have determined that the declines in industry production, employment, and profitability between the interim periods are insufficient to support a determination of present material injury by reason of allegedly LTFV imports. Nevertheless, continued increases in the volume of subject imports will have the effect of imminently exacerbating these declines to injurious levels. Accordingly, we determine that there is a reasonable indication of threat of material injury by reason of allegedly LTFV imports of glycine from China.

Conclusion

Both the volume of the subject imports and their market penetration levels increased dramatically during the period of investigation. The information available in the record provides a reasonable indication that import volume and market penetration will continue to increase in the immediate future and that such increases in market penetration will have an injurious effect on the domestic producers of glycine. Moreover, the record lacks considerable information concerning the glycine industry in China, and thus we are unable to

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[63] Petition at 39.

[64] Table 15, CR at I-38, PR at II-15. This is pertinent to statutory threat factor V.

[65] The following discussion is pertinent to statutory threat factor IV.

[66] CR at I-57-58, PR at II-23. In any final investigation, we will examine the issue of pricing in further detail. In addition to undertaking the purchaser price comparisons typical of final investigations, we will attempt to develop pricing data for each individual major end-use application of glycine. We will also explore the extent to which any declines in domestic producers' *** have affected their prices.

[67] See Tr. at 110-11 (Gaerlan); CR at I-62-63, PR at II-23.

[68] Witnesses of both petitioners and respondents agreed on this point. See Tr. at 13-16 (DeGeorge), 92-93 (Yamada). See also CR at I-62, PR at II-23.

[69] Our finding that increased future volumes of subject imports will have significant price effects is distinct from the finding of Chairman Watson, Vice Chairman Nuzum, and Commissioner Bragg in Section III above that present volumes of the subject imports do not have such effects. The record indicates that prices of the domestic like product declined during the first quarter of 1994 in virtually all product categories and types of sales examined. Tables 18-23, CR at I-49-51, PR at II-20. Further increases in the volume of subject imports would serve to accelerate these price declines to injurious levels.

[70] The following discussion is pertinent to statutory threat factors VII and X.

conclude that there is clear and convincing evidence in the record that there is no threat of material injury to the domestic industry. Consequently, we have reached an affirmative threat determination in this preliminary investigation.

ADDITIONAL VIEWS OF COMMISSIONER CRAWFORD

In this preliminary investigation, I determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of glycine from the People's Republic of China ("China") alleged to be sold at less than fair value ("LTFV"). I concur in the conclusions of my colleagues with respect to like product and the domestic industry, and in the discussion of the condition of the industry. However, I do not concur in their determination that there is a reasonable indication that the domestic industry is threatened with material injury by reason of allegedly LTFV imports of glycine from China ("subject imports"). Rather, I determine that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports. These additional views provide the explanation of the analysis that supports my determination.

I. ANALYTICAL FRAMEWORK

The statute directs that we determine whether there is material injury by reason of the dumped imports, or, in a preliminary investigation, whether there is a reasonable indication of material injury by reason of the allegedly dumped imports. Thus we are called upon to evaluate the effect of dumped imports on the domestic industry and determine if they have caused material injury. There may be, and often are, other "factors" that are causing injury. These factors may even be causing greater injury than the dumping. However, the statute does not require us to weigh causes, only to determine if the dumping is causing material injury to the domestic industry. It is important, therefore, to assess the effects of the dumped imports in a way that distinguishes those effects from the effects of other factors unrelated to the dumping. To do this, I compare the current condition of the industry to the industry conditions that would have existed without dumping, that is, had imports been fairly traded.[71] I then determine whether the change in conditions constitutes material injury.

In my analysis of material injury by reason of dumped imports, I evaluate the effects of the dumping on domestic prices, domestic sales, and domestic revenues. To evaluate the effects of the dumping on domestic prices, I compare domestic prices that existed when the imports were dumped with what domestic prices would have been if the imports had been priced fairly. Similarly, to evaluate the effects of dumping on the quantity of domestic sales,[72] I compare the level of domestic sales that existed when imports were dumped with what domestic sales would have been if the imports had been priced fairly. The combined price and quantity effects translate into an overall domestic revenue impact. Understanding the impact on the domestic industry's prices, sales and overall revenues is critical to determining the state of the industry, because the impact on other industry indicators (e.g. employment, wages, etc.) is derived from the impact on the domestic industry's prices, sales, and revenues.

I then determine whether the price, sales and revenue effects of the dumping, either separately or together, demonstrate that the domestic industry would have been materially better off if the imports had been priced fairly. If so, I find that the domestic industry is materially injured by reason of the dumped imports.

II. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS FROM CHINA

In determining whether a domestic industry is materially injured by reason of the subject imports, the statute directs the Commission to consider:

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[71] 19 U.S.C. § 1677(7)(C)(iii).

[72] In examining the quantity sold, I take into account total sales, which includes sales from both existing inventory and new production.

(I) the volume of imports of the merchandise which is the subject of the investigation,

(II) the effect of imports of that merchandise on prices in the United States for like products, and

(III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States . . . .[73]

In assessing the effect of subject imports, I compare the current condition of the domestic industry with the condition that would have existed had imports been fairly priced.[74] Then, taking into account the condition of the industry, I determine whether any resulting change of circumstances constitutes material injury. For the reasons discussed below, I find that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports from China.[75]

A. Volume of the Subject Imports

In 1993, the domestic industry's market share was *** percent by quantity, and the market share of subject imports from China was *** percent by quantity.[76] Based on this market share, I find the volume of subject imports to be significant in light of the likely effects.

B. Effect of Subject Imports on Domestic Prices

To analyze the effect of subject imports on domestic prices of the like product, I consider a number of factors relating to the industry and the nature of the products. These factors include the presence of fairly traded imports, the competitive conditions in the marketplace, and the degree of substitutability between the subject imports and the domestic like product. I find the subject imports had no significant price effects.

Fairly traded imports were present in the market throughout the period of investigation, although not in large volumes. In 1993, the market share of fairly traded imports was *** percent, which although not a large volume, does represent an alternative source of supply for purchasers.[77] The domestic industry consists of two producers that compete with each other for sales to the same customers. Because of the presence of fairly traded imports and two domestic producers, I find that the domestic market would be competitive even without the subject imports.

During the period of investigation, USP grade glycine accounted for about *** percent of the domestic industry's sales. At the end of the period, the industry was producing an even higher percentage of USP grade. On the other hand, USP grade accounted for only about *** percent of sales of subject imports during the period of investigation.[78] As a result, the substitutability between subject imports and the domestic product is limited, particularly for applications (e.g. pharmaceutical) that require USP grade.

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[73] 19 U.S.C. § 1677(7)(B)(i). In making its determination, the Commission may consider "such other economic factors as are relevant to the determination." 19 U.S.C. § 1677(7)(B)(ii).

[74] 19 U.S.C. § 1677(7)(C)(iii).

[75] I have considered and weighed all the evidence in the record in accordance with the holding in American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986).

[76] Table 17, CR at I-43, PR at II-18.

[77] Table 17, CR at I-43, PR at II-18.

[78] CR at I-47, PR at II-19.

In 1993, it appears that less than *** percent of consumption requires USP grade,[79] and USP grade was not imported in sufficient quantities to supply this demand. Consequently, the limited availability of USP grade subject imports reduces the direct competition in this segment of the market, and thus the substitutability, between subject imports and the domestic product.

In the remaining *** percent of the market, technical grade and USP grade appear to compete directly with each other. There is some evidence that subject imports are of poorer quality than the domestic products. Nonetheless, the record indicates that purchasers use both for the same end products, especially in those products (e.g. pet foods, antiperspirants, fertilizer, etc.) in which USP grades are neither preferred nor required. Based on the competition in the different market segments and the quality differences, for purposes of this preliminary investigation, I conclude that the products are, at best, moderate substitutes.

Although the alleged dumping margins are little more than petitioners' estimates, subject imports would be priced considerably higher were they fairly traded. Even though Chinese imports and the domestic products are only moderate substitutes, purchasers likely would not have continued to buy subject imports had their price been increased to fairly traded levels. Rather, the price increase would have caused purchasers to switch from subject imports to the domestic product, because subject imports are poorer quality than domestic glycine. As a result, substantially fewer Chinese imports would have been sold.

Although domestic capacity utilization is relatively high, at *** percent in 1993, the domestic industry had sufficient available capacity to fill the demand supplied by subject imports, had they been removed from the market.[80] Therefore, the two domestic producers and nonsubject imports would have competed for sales, and this competition would have prevented price increases. Consequently, I find that subject imports had no significant price effects.

C. Impact of Subject Imports on the Domestic Industry

In assessing the impact of subject imports on the domestic industry, I consider, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development.[81] These factors either encompass or reflect the volume and price effects of the dumped imports, and so I must gauge the impact of the dumping through those effects. In this case, I find that the domestic industry's output was adversely affected by the dumping of Chinese imports.

As discussed above, I find that substantially fewer Chinese imports would have been sold at fairly traded prices. However, because of available capacity and competition between the domestic producers, domestic prices would not have increased if subject imports had been priced fairly. Therefore, any impact of subject imports on the domestic industry would have been on the volume of the domestic industry's output and sales.

There is only a small volume of nonsubject imports of glycine. Thus, in response to a substantial decrease in the sales of Chinese imports, purchasers are limited in their alternative sources of supply. However, the domestic industry had sufficient available capacity to satisfy the demand increase resulting from the substantial reduction in Chinese sales. With minimal competition from fairly traded imports, the domestic industry would have captured most, if not all, of the market share of the displaced subject imports. As a result, the domestic industry would have increased its output and sales significantly, and thereby also its revenues significantly. Consequently, I find that the domestic industry would have been materially better off if Chinese imports had been priced fairly. Therefore, I

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[79] Petitioners' postconference brief, Appendix at pages 1-2.

[80] Table 2, CR at I-17, PR at II-8.

[81] 19 U.S.C. § 1677(C)(iii).

determine that there is a reasonable indication that the domestic industry is materially injured by reason of subject imports from China.

PART II

INFORMATION OBTAINED IN THE INVESTIGATION

INTRODUCTION

On July 1, 1994, counsel for Hampshire Chemical Corporation (Hampshire), Lexington, MA, and Chattem, Inc. (Chattem), Chattanooga, TN, filed a petition with the U.S. International Trade Commission (the Commission) and the U.S. Department of Commerce (Commerce) alleging that an industry in the United States is materially injured and is threatened with material injury by reason of imports from the People's Republic of China (China) of glycine[1] that is alleged to be sold in the United States at less than fair value (LTFV). Accordingly, effective July 1, 1994, the Commission instituted investigation No. 731-TA-718 (Preliminary) under section 733(a) of the Tariff Act of 1930 (the Act),[2] to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States.

The statute directs the Commission to make its preliminary determination within 45 days after receipt of the petition, or, in this investigation, by August 15, 1994. Notice of the institution of the Commission's investigation was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the *Federal Register* on July 8, 1994.[3] Commerce published its notice of initiation in the *Federal Register* on July 28, 1994.[4] Copies of the cited *Federal Register* notices are presented in appendix A. The Commission held a public conference in Washington, DC, on July 22, 1994, at which time all interested parties were allowed to present information and data for consideration by the Commission. A list of conference participants is presented in appendix B. The Commission's vote in this investigation was held on August 10, 1994. The Commission has conducted one previous investigation of the subject product (Inv. No. AA1921-61, Aminoacetic acid from France).[5]

A summary of the data collected in this investigation is presented in appendix C.

THE PRODUCT

Description and Uses

Glycine, also known as aminoacetic acid, is an organic chemical which has the chemical formula NH_2CH_2COOH. It is a nonessential amino acid that occurs naturally in many proteins and is especially abundant in silk fibroin, gelatin, and sugar cane. However, it is synthetically manufactured for commercial purposes. Glycine exists as sweet tasting, odorless, white monoclinic

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[1] The product covered by this investigation is glycine which, according to Commerce's scope definition, is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used as a sweetener/taste enhancer, a buffering agent, a reabsorbable amino acid, a chemical intermediate, and a metal complexing agent. Glycine is provided for in subheading 2922.49.40 of the Harmonized Tariff Schedule of the United States (HTS).

[2] 19 U.S.C. § 1673b(a).

[3] 59 F.R. 35137.

[4] 59 F.R. 38435.

[5] Chattem Drug and Chemical Company, the forerunner of today's Chattem, filed an antidumping petition in 1968 against imports of glycine from Japan, France, the Federal Republic of Germany (FRG), and the Netherlands. The Department of Treasury found no sales at LTFV from FRG or the Netherlands, and issued a negative determination on Japan on the basis of the Japanese exporter's agreement to discontinue LTFV sales. Antidumping duties were imposed, following an affirmative injury determination by the Commission, on imports of glycine from France; that finding was revoked in 1979; petition, pp. 2-3, n. 3.

crystals that are soluble in water and melt at 232-236°C. It has a specific gravity of 1.1607.[6] It is produced in technical and USP grades[7] and is generally shipped in drums or carload lots.

Glycine is used principally as a buffering agent,[8] sweetener,[9] and masking agent in a number of food, pharmaceutical, and personal care items.[10] It is also used as a starting material in the manufacture of other organic chemicals and chemical products including pharmaceuticals, food additives, perfume, and personal care products; as a treatment for animal diarrhea; as an additive in chicken feed; as a metal complexing agent in various chemical processes; and as an ingredient in metal finishing products and metal plating baths. China supplies to the U.S. marketplace both technical and USP grade glycine that are chemically identical to domestically produced glycine. The imported material appears to be interchangeable in use with domestic material of the equivalent grade.

There is no single viable chemical that can substitute for glycine in all its end uses. Any chemical that might be a substitute for glycine in any given application would require reformulation of the product.[11]

Production Processes

There are two manufacturers of glycine in the United States: Chattem and Hampshire. Each of these domestic manufacturers uses a different production process based on different starting materials and different processing technology.

Chattem produces glycine by reacting monochloroacetic acid with ammonia in the presence of a hexamethylenetetramine catalyst (figure 1). ***. During the period of investigation, Chattem has produced and sold both technical and USP grade material. The Chattem process is a batch process requiring the completion of one batch before another batch can start.

Figure 1
Flow diagram of the chloroacetic acid process used to make glycine by Chattem, Inc.

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[6] *Condensed Chemical Dictionary*, 10th edition, Van Nostrand Reinhold Co., 1981.

[7] The glycine production process yields glycine with varying quantities of impurities. Based on the proportion of impurities, a batch will be considered either USP or technical grade material. USP grade glycine denotes its manufacture in compliance with the specifications and test methods of the *United States Pharmacopeia*, a reference book published by the United States Pharmacopoeial Convention, Inc., an organization that establishes such standards for pharmaceutical products, including glycine when used for pharmaceutical (or food) applications. Glycine not certified to meet these specifications is used as technical glycine; petition, p. 3. With the exception of certain pharmaceutical and food applications, USP and technical grade glycine are interchangeable in most end use applications; transcript of the public conference (conference TR), p. 61, and petitioners' postconference brief, pp. 4-6.

[8] Glycine acts to buffer or stabilize the pH of those systems containing acidity or alkalinity. For example, antacid and analgesic products often are formulated with glycine to stabilize the acidity of the digestive tract. Glycine promotes the gastric absorption of certain drugs, including aspirin. A major use of glycine as a buffering agent is in the production of antiperspirants.

[9] Glycine is used to sweeten substances and to improve overall taste by mellowing saltiness and bitterness in such products as carbonated soft drinks and flavor concentrates.

[10] Glycine is used to mask the bitter taste of some hydrolyzed proteins in applications such as tablets, lozenges, syrups, mouthwash, and dentifrice products, to increase their consumer appeal.

[11] Conference TR, pp. 54-56.

Hampshire's process starts with a mixture of hydrogen cyanide, sulfuric acid, and formaldehyde (figure 2). The mixture is added to aqueous ammonia; the resulting liquid is then added to a solution of sodium hydroxide and boiled to remove ammonium hydroxide. Sulfuric acid is then added to produce a mixture of glycine and sodium sulfate. ***, and the primary glycine can be dried and packaged into USP or technical grade material or recrystallized to ensure USP grade material. Hampshire stated at the staff conference that it currently produces and sells both USP and technical grade glycine.[12] Hampshire's process is called a semi-batch process because several operations during the production process occur continuously without isolation of a resultant product.

Figure 2
Flow diagram of the hydrogen cyanide process used to make glycine by Hampshire Chemical Corp.

* * * * * * *

The actual production process used by Chinese manufacturers is not definitely known. However, Hampshire's process (according to the petition, p. 7) produces glycine which has trace amounts of various sulfates, while there are no measurable sulfates in the glycine made by Chattem. The glycine imported from China has virtually no trace amounts of sulfates. Hence, it is likely that the glycine manufacturers in China use a process similar to the one used by Chattem.[13]

U.S. Tariff Treatment

Glycine is classified in HTS subheading 2922.49.40, a provision for "other amino acids." It is specifically named in statistical reporting number 2922.49.4020, "Glycine (Aminoacetic acid)." The column 1-general rate of duty on imports of glycine is 4.2 percent ad valorem. Eligible imports from designated beneficiary countries under the Generalized System of Preferences (except India), the Caribbean Basin Economic Recovery Act, and the Andean Trade Preference Act enter the United States free of duty, as do eligible goods of Canada and Mexico under the North American Free Trade Agreement and imports from Israel under the United States-Israel Free Trade Area Implementation Act. The column 2 rate of duty charged on imports from designated Communist countries is 25 percent ad valorem.

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

In order to calculate the estimated dumping margins for glycine from China, the petitioners compared U.S. prices[14] of the subject merchandise with estimates for foreign market value (FMV) based on constructed value.[15] As China is allegedly a state-controlled-economy country under section 773(c) of the Act, the constructed FMV was based, in part, on the value of various factors of production in India, a country at a comparable level of economic development. Petitioners believe that India is the appropriate surrogate country because it is at a level of economic development similar to China, and India is a significant producer of glycine that is comparable to the subject product from China. The alleged LTFV margins range from 86.43 percent to 155.89 percent, depending on the U.S. price used for comparison.

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[12] Conference TR, p. 123.
[13] Petition, pp. 6-7.
[14] Petitioners based the U.S. prices on U.S. Customs unit value data and on three quoted U.S. prices (see petition, exhibit A, tab 1).
[15] Petitioners maintain that the constructed value should be based on the factors of production methodology.

THE U.S. MARKET

Apparent U.S. Consumption

Data on apparent U.S. consumption of glycine, based on U.S. producers' U.S. shipments as reported in the Commission's questionnaires and official U.S. import statistics, are presented in table 1. Apparent consumption, based on quantity, *** from *** pounds in 1991 to *** pounds in 1993, representing *** of *** percent. Such consumption, *** between the interim periods January-March 1993 and January-March 1994. Consumption, based on value, followed a similar trend, *** during 1991-93 and *** percent between interim 1993 and interim 1994.

Table 1
Glycine: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Petitioners explained that the demand for glycine has been modestly increasing over the period of investigation as the United States continues to recover from the recession, although imports have captured an increasing share of the rising consumption.[16] Respondents argue that the increased demand for glycine in the United States is due to lower-priced, lower-quality imports of Chinese glycine. U.S. downstream manufacturers desire low-cost glycine to reduce their production costs for the finished product.[17]

U.S. Producers

Chattem and Hampshire, the petitioners, are the only producers of glycine in the United States. Chattem produces specialty chemicals such as aluminum hydroxides,[18] aluminum derivatives,[19] and glycine,[20] at its plant in Chattanooga, TN. Chattem also produces numerous consumer products such as Flex-all 454 (an aloe vera-based topical analgesic), Corn Silk cosmetics, Icy Hot (a topical analgesic), Bullfrog amphibious formula sunblock, Ultraswim shampoo, and Norwich aspirin. Chattem has subsidiaries in Basingstoke, United Kingdom (U.K.), and Mississauga, Canada. Chattem produces glycine by reacting anhydrous ammonia with chloroacetic acid solution in the presence of hexamethylenetetramine catalyst, forming a solution of glycine and ammonium chloride.[21]

Hampshire is wholly owned by Hampshire Holdings Corp., Lexington, MA, and Vestar Capital Partners, New York, NY. In December 1992 Hampshire Chemical Corp. acquired W.R.

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[16] Greater sales of antiperspirants, animal feed applications, and pharmaceutical products have increased the demand for glycine in recent years; conference TR, p. 26 and pp. 39-40.

[17] Respondents' postconference brief, pp. 8-9; conference TR, pp. 92-93. Respondents also argue that ***; respondents' postconference brief, p. 8.

[18] Aluminum hydroxide compounds are used in the manufacture of many antacids and in the formulation of water treatment chemicals and other industrial specialty compounds. Aluminum hydroxide accounted for *** percent of Chattem's establishment sales in its most recent fiscal year.

[19] Aluminum derivatives (alkoxides) act as reactive intermediates and are primarily utilized as viscosity builders and cross linkers in printing inks and other industrial coatings. Such derivatives accounted for *** percent of overall establishment sales in 1993.

[20] Chattem's sales of USP and technical grade glycine accounted for *** percent *** of its total U.S. shipments of glycine in 1993 ***. Glycine accounted for *** of overall establishment sales in 1993.

[21] Chattem generates ***.

Grace's glycine operations in Deer Park, TX, in a management led buyout.[22] Hampshire produces glycine (accounting for *** percent of total sales in 1993),[23] Naphthalene DAXADs (*** percent of sales), and chelates (*** percent of sales) at its facility in Deer Park, TX. It produces glycine by mixing hydrogen cyanide,[24] sulfuric acid, and formaldehyde in a reaction vessel.[25] Hampshire also has plants in Lima, OH; Owensboro, KY; Nashua, NH;[26] and Teeside, U.K.[27]

U.S. Importers

Questionnaires were sent to 15 firms listed in the petition and the Customs Net Import File (CNIF). The Commission received responses from 11 of these firms.[28] The majority of the identified importers are located in New York and California. Many of the responding firms reportedly began importing glycine from China in 1993 or the first quarter of 1994. All of the firms that reported importing glycine from China during January 1991-March 1994 imported USP grade, and three of these companies also imported technical grade glycine.[29] Glycine imported from China generally meets the quality of the U.S.-produced glycine, although the color may not be as white as the U.S. product and may cake in the packing drum.[30]

Schweizerhall, Inc., Piscataway, NJ, ***. ***. Dastech International, Inc., Great Neck, NY, ***. Robeco, Inc., New York, NY, ***.[31] ***.

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[22] Conference TR, pp. 8-9. The purchase involved Grace's Organic Chemical Division and its related European operations: Hampshire Ltd. (a U.K. company); Hampshire Chemical GmbH (a German company); and Hampshire Chemical AB (a Swedish company). These companies, collectively, are engaged primarily in the manufacture and sale of value-added specialty chemicals which are used in a wide range of consumer products, personal care, industrial, agricultural and pharmaceutical applications.

[23] Hampshire's sales of USP and technical grade glycine accounted for approximately *** percent and *** percent, respectively, of total U.S. shipments of glycine in 1993.

[24] The primary commercial process that yields hydrogen cyanide as a by-product is the manufacture of acrylonitrile, which is used commercially as an input in the textile industry. ***.

[25] Hampshire's production process yields ***; petition, p. 7 and fieldtrip, July 13, 1994.

[26] In 1993, Hampshire authorized a $*** expansion of its Nashua, NH, facility to supplement the glycine production capacity at its Deer Park facility. Hampshire actually spent approximately $*** on this facility. W.R. Grace originally produced glycine at the Nashua plant but discontinued such production when it opened the Deer Park plant in 1984. Hampshire discontinued its expansion plans early in 1994 because of unfavorable changes in the U.S. glycine market, principally increased imports from China; petition, p. 37. Hampshire does not currently produce glycine at the Nashua plant but glycine production could be started up within three days (i.e., time required to train operators) at minimal expense as no further investment is required; conference TR, pp. 37-38, and petitioners' postconference brief, app. 1, p. 15.

[27] Hampshire produces amino carboxylic acid type materials (common glycine type products) in its plants in Texas, Ohio, New Hampshire, and the U.K. The largest of the amino carboxylic acid materials is generally called EDTA, a common chelating agent, primarily an industrially applied material. In addition, Hampshire makes a specialty sulfur derivative at the Waterloo, NY, manufacturing plant and has an emulsion polymers business in Kentucky; conference TR, pp. 45-46.

[28] Eleven firms submitted responses regarding imports of glycine from China (in addition, *** provided data on its imports of glycine from ***). Three of these firms responded that they had not imported the product during the period for which data were requested. Four other firms did not respond to the Commission's questionnaire.

[29] Respondents testified at the conference that many of their customers can use the lower purity technical grade and prefer buying technical glycine for those applications to lower costs; conference TR, pp. 85-86 and p. 93.

[30] Conference TR, pp. 102-106. See also respondents' postconference brief, pp. 9-12.

[31] Telephone conversation with ***.

Channels of Distribution

Glycine produced in the United States is sold nationwide mainly to end users and some distributors primarily as an intermediate product that is used by manufacturers to make further finished products, such as pharmaceutical and food products, pet food, deodorants and personal care products, and chemical and industrial products.[32] Petitioners reported that their U.S. shipments of glycine in 1993 went to the following channels of distribution: *** percent went to end users and *** percent went to distributors.[33]

Importers reported that *** percent of 1993 sales of Chinese glycine were to end users and *** percent were to distributors.[34] As with the domestic product, the imported glycine is sold nationwide, and most end users use the glycine to produce further-finished products.

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The information presented in this section of the report is based on the questionnaire responses of Chattem and Hampshire, the only U.S. producers of glycine during January 1991-March 1994.

U.S. Capacity, Production, and Capacity Utilization

Table 2 presents U.S. producers' data on capacity, production, and capacity utilization. U.S. producers' end-of-period capacity to produce glycine *** by *** percent during 1991-93 and by *** percent between interim 1993 and interim 1994. U.S. producers' production of glycine *** by *** percent during 1991-93 and *** by *** percent between January-March 1993 and January-March 1994. End-of-period capacity utilization *** from *** percent in 1991 to *** percent in 1993 and *** from *** percent in interim 1993 to *** percent in interim 1994.

Table 2
Glycine: U.S. capacity, production, and capacity utilization, by firms, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Chattem's end-of-period capacity and production *** during January 1991-March 1994, ***. Hampshire's end-of-period capacity and production *** throughout the period *** compared to its production level in interim 1993.[35] Capacity utilization for each firm followed similar trends. The technology and cost structure of U.S. glycine production requires a high level of capacity utilization for efficient, cost-effective operation. Glycine production in the United States is capital intensive and

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[32] Petitioners testified at the conference that a large share of the glycine market is in the hands of a small group of purchasers; conference TR, p. 10. Mr. DeGeorge, Commercial Manager, Hampshire, testified that the major end uses for glycine are the antiperspirant market, animal feed applications, and in the pharmaceutical industry as a buffering agent or as an intermediate; ibid, p. 30.

[33] USP and technical grade glycine are sold both to distributors and end users. A majority of the shipments of each of the grades were made to end users.

[34] Technical grade glycine and USP grade glycine accounted for *** percent and *** percent, respectively, of total reported shipments of Chinese material in 1993.

[35] ***; petition, p. 29. In addition, Hampshire asserts that it has been partially shielded by its contract business subject to no explicit meet-or-release terms (although it has adjusted its prices on contracts without meet-or-release provisions in order to retain business relationships), whereas Chattem has been more immediately affected by increased imports because it participates more exclusively in the spot market; conference TR, pp. 17-18 and p. 20, and petitioners' postconference brief, pp. 14-15 and pp. 17-18.

involves major fixed costs. Hampshire's production process requires that it must be constantly maintained.[36] Hampshire attempts to produce only USP grade glycine, although it sells technical grade glycine when the impurities of the product will not meet USP specifications.[37] Chattem similarly attempts to produce only USP grade glycine[38] and purchased *** pounds of technical grade glycine in ***.

U.S. Producers' Shipments

Table 3 presents data on U.S. producers' total shipments of glycine during January 1991-March 1994.[39] U.S. shipments (domestic shipments and company transfers), based on quantity, *** by *** percent during 1991-93 and *** by *** percent between January-March 1993 and the corresponding period of 1994. The unit value of U.S. shipments *** from $*** per pound in 1991 to $*** per pound in 1993. Unit values *** from $*** per pound in interim 1993 to $*** per pound in interim 1994.

Table 3
Glycine: Shipments by U.S. producers, by types, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Table 4
Glycine: U.S. producers' U.S. shipments, by firms, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

The quantity of export shipments *** by *** percent between 1991 and 1993 and *** during the interim periods.[40] Exports of glycine accounted for *** percent of total shipments in 1991, *** percent in 1992, and *** percent in 1993. The unit value of U.S. producers' exports *** from $*** per pound in 1991 to $*** per pound in January-March 1994, as quantities ***.

Chattem's U.S. shipments *** during January 1991-March 1994, ***. Hampshire's U.S. shipments *** during 1991-93 and *** by *** percent in interim 1994 compared to the corresponding period in 1993. ***.[41] Chattem's U.S. shipments by end use or application in 1993 were as follows: *** percent went to *** applications, *** percent went to *** applications, and *** percent went to *** end uses. Hampshire's 1993 shipments by end use or application were as

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[36] Petition, p. 27. Hampshire runs its production lines 7 days a week, 24 hours a day. When it runs at a reduced rate it produces lower volumes, and the fixed costs of running the unit are spread over a fewer number of pounds, resulting in higher unit production costs; conference TR, p. 13, and petitioners' postconference brief, pp. 13-14. Chattem ran two production shifts until Jan. 1994 and has the capacity to run three shifts; conference TR, p. 20.

[37] Although Hampshire's process seeks to produce only USP grade material, *** of its product does not meet the USP specifications and is sold for applications permitting higher levels of impurities; petition, p. 9.

[38] ***; petition, p. 29, n. 46. Mr. Smith, Vice President of Operations, Chattem, testified that Chattem could no longer produce glycine at the lower purity levels and still make a profit in competition with imports from China; conference TR, p. 22 and pp. 41-43.

[39] Table 4 presents data on U.S. producers' U.S. shipments, by firms, during January 1991-March 1994.

[40] ***.

[41] Petitioners testified at the conference that Hampshire's production process provided it with an advantage in total raw material costs over Chattem's production process; conference TR, p. 49. ***.

follows: *** percent went to ***, *** percent went to ***, *** percent went to ***, *** percent went to *** and other applications, and *** percent went to *** applications.[42]

U.S. Producers' Inventories

Table 5 presents data on U.S. producers' end-of-period inventories of glycine during January 1991-March 1994. Such inventories *** by *** percent during 1991-93 and *** by *** percent between interim 1993 and interim 1994. The ratio of inventories to U.S. shipments of glycine *** from *** percent in 1991 to *** percent in 1993 *** from *** percent in January-March 1993 to *** percent in January-March 1994.

Table 5
Glycine: End-of-period inventories of U.S. producers, by firms, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Employment, Wages, and Productivity

U.S. producers' employment and productivity data are presented in table 6.[43] The number of production and related workers (PRWs) producing glycine *** by *** percent during 1991-93 and *** by *** percent between the interim periods. Reflecting the trends in employment, the number of hours worked by PRWs *** by *** percent during 1991-93 and *** by *** percent between January-March 1993 and January-March 1994.

Table 6
Average number of total employees and PRWs in U.S. establishments wherein glycine is produced, hours worked, wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Table 7
Average number of PRWs producing glycine, hours worked, wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs, by firms, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Wages paid to PRWs *** from $*** per hour in 1991 to $*** per hour in 1993, representing *** of *** percent. Hourly wages ***, by *** percent, between interim 1993 and interim 1994. Total compensation paid to such workers *** by *** percent during 1991-93, *** by *** percent between the interim periods. Hourly total compensation *** by *** percent during 1991-93 and by *** percent between January-March 1993 and the corresponding period in 1994. Productivity of PRWs *** from *** pounds per hour in 1991 to *** pounds per hour in 1993, ***

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[42] Petitioners provided the end use breakouts for 1991-93 in response to requests from Commission staff at the conference. The percentages provided for 1993 generally apply to end uses in 1991 and 1992; petitioners' postconference brief, app. 1, pp. 1-2.

[43] Table 7 presents U.S. producers' employment data, by firms, during January 1991-March 1994.

from *** pounds per hour in January-March 1993 to *** pounds per hour in the corresponding period in 1994.

The employment data for each firm (table 7) are somewhat mixed. Chattem's employment ***. Hampshire's employment ***. Hours worked, wages paid, and total compensation paid to Chattem's PRWs ***. Hampshire's trends generally *** during the period.

Financial Experience of U.S. Producers

Two producers,[44] representing all U.S. production of glycine in 1993, supplied financial data on overall establishment operations and operations on glycine.[45]

Overall Establishment Operations

Income-and-loss data on the overall establishment operations of the U.S. producers are shown in table 8.[46] Glycine accounted for approximately *** percent of the overall establishment operations in 1993. Other products[47] produced in the establishments include aluminum alkoxides and aluminum hydroxide for Chattem; and naphthalene sulfanate formaldehyde condensate and conventional chelates for Hampshire.

Table 8
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein glycine is produced, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Operations on Glycine

Income-and-loss data for the U.S. producers' operations on glycine are shown in table 9. The net sales value *** from $*** in 1991 to $*** in 1992, and continued to *** to $*** in 1993. The net sales quantity *** from *** pounds in 1991 to *** pounds in 1992 and to *** pounds in 1993. The average unit sales value, as shown in table 10, *** from $*** in 1991 to $*** in 1992 and to $*** in 1993. The cost of goods sold per pound *** from $*** in 1991 to $*** in 1992 *** to $*** in 1993, due primarily ***. The combined companies realized an operating *** of $*** in 1991, $*** in 1992, and $*** in 1993, caused in part ***.[48] The operating *** margins were *** percent in 1991, *** percent in 1992, and *** percent in 1993. The net sales value was $*** in interim 1994 compared to $*** in interim 1993. The operating *** margin *** from *** percent in interim 1993 to *** percent *** in interim 1994, caused by *** compared to interim 1994. Prices for glycine vary based on the levels of purity; therefore, any unit price analysis may be affected by the changes in the mix of sales from period to period.

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[44] The companies are Chattem, Inc., with a fiscal year end of *** and Hampshire Chemical Corp., with a fiscal year end of ***.
[45] ***.
[46] ***.
[47] ***.
[48] ***.

Table 9
Income-and-loss experience of U.S. producers on their operations producing glycine, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Table 10
Income-and-loss experience (on a per-pound basis) of U.S. producers on their operations producing glycine, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

As shown in table 11, Chattem and Hampshire both *** in all periods. Hampshire's *** percent in 1991 to *** percent in 1993, in part as a result of ***. Hampshire's *** percent in interim 1994, due in part to a *** compared to interim 1993. Chattem, representing approximately *** percent of combined glycine sales in 1993, had *** from *** percent in 1991 to *** percent in 1993. Chattem's *** percent in interim 1994 compared to *** percent in interim 1993, due primarily to *** in interim 1994 compared to *** in interim 1993.

Table 11
Income-and-loss experience of U.S. producers on their operations producing glycine, by firms, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Investment in Productive Facilities and Return on Assets

Data on investment in productive facilities and return on assets for the U.S. producers are shown in table 12. The operating income return on total assets for glycine *** from *** percent in 1991 to *** percent in 1992 and to *** percent in 1993.

Table 12
Value of assets and return on assets of U.S. producers' operations producing glycine, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Capital Expenditures

The capital expenditures of the U.S. producers are shown in table 13. Capital expenditures for glycine *** from $*** in 1991 to $*** in 1992 and $*** in 1993. Capital expenditures were $*** in interim 1994 compared to $*** in interim 1993.

Table 13
Capital expenditures by U.S. producers on their operations producing glycine, by products, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Research and Development Expenses

The glycine research and development expenditures of the U.S. producers were $*** in 1991, $*** in 1992, and $*** in 1993 (table 14). Research and development expenditures were $*** in interim 1994 compared to $*** in interim 1993.

Table 14
Research and development expenses of U.S. producers on their U.S. operations producing glycine, by products, fiscal years 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

Capital and Investment

The Commission requested the U.S. producers to describe any actual or potential negative effects of imports of glycine from China on their growth, development and production efforts, investment, and ability to raise capital (including efforts to develop a derivative or improved version of its product). Comments from the companies are presented in appendix D.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

Section 771(7)(F)(i) of the Act (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors[49]--
>
> > (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
> >
> > (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
> >
> > (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
> >
> > (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

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[49] Section 771(7)(F)(ii) of the Act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[50]

Subsidies (item (I)) and agricultural products (item (IX)) are not at issue in this investigation; the available information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) and any dumping in third-country markets is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of Alleged Material Injury to an Industry in the United States." Presented below is the available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); and any other threat indicators, if applicable (item (VII) above).

[50] Section 771(7)(F)(iii) of the Act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

U.S. Importers' Inventories

Table 15 presents U.S. importers' end-of-period inventories of glycine from China. Inventory data were provided by four importers of glycine from China. U.S. importers typically do not maintain inventories of the product as it is purchased by brokers/distributors[51] for sale to end users or is imported directly by the end user for consumption in producing an end product.[52] U.S. importers' end-of-period inventories of glycine from China *** between 1991 and 1993,[53] but were at approximately *** pounds in both interim 1993 and interim 1994.

Table 15
Glycine from China: End-of-period inventories of U.S. importers, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

U.S. Importers' Current Orders

In its questionnaire the Commission asked importing firms to report future contracts or orders for importing glycine from China after March 31, 1994. Such orders totaled *** pounds, with delivery scheduled through the third quarter in 1994.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States

The Commission requested information from the U.S. Embassy in Beijing, but the Embassy did not provide any information within the deadline provided by the Commission. In addition, staff requested data on China's capacity, production, and shipments from counsel representing two importers of Chinese glycine but no information was provided. Petitioners identified approximately 30 firms located throughout China that produced and/or exported glycine to the United States.[54] Petitioners believe that many of the entities listed in the petition are state-owned by the People's Republic of China. Two of the identified firms may be collectives. Producers of glycine in China are believed to use a production process similar to Chattem's,[55] as discussed earlier in the report.

Petitioners argue that China's glycine production capacity is increasing and will likely result in increased exports to the United States. Petitioners cite China's expanded efforts to boost its export-oriented chemical sector. Governmental targeting has yielded substantial increases in capital construction in the chemical industry, and China lists acetic acid as a major chemical export product. Petitioners believe such increased exports are principally aimed at the U.S. market because the

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[51] Maypro Industries is an importer of glycine from China ***.

[52] ***.

[53] *** importers had inventories of Chinese glycine in 1991-92.

[54] With the exception of China, there are relatively few producers of glycine in the world market because world trade in glycine is dominated by a relatively small number of large customers who use glycine to make downstream products, for which glycine does not account for a very significant portion of cost; conference TR, p. 26.

[55] Petition, pp. 6-7; conference TR, pp. 107-108.

United States is the largest market for most glycine applications.[56] The world market for glycine is very small and few if any statistics are maintained for the production and export of glycine.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

Official statistics of the Department of Commerce are presented in this section because they are believed to accurately reflect all U.S. imports of glycine (table 16).[57]

The quantity of U.S. imports of glycine from China rose from 66,800 pounds in 1991 to 112,436 pounds in 1992, representing an increase of 68.3 percent. Such imports increased to 904,612 pounds in 1993, or by 704.6 percent. Imports of glycine from China increased by 23.8 percent in the interim periods, rising from 248,406 pounds in January-March 1993 to 307,598 pounds in the corresponding period of 1994. The value of such imports also followed an increasing trend during the period of investigation, increasing by 81.0 percent between 1991 and 1992 and 627.4 percent between 1992 and 1993. The value of Chinese glycine imports decreased by 2.2 percent in the interim periods. Average unit values increased from $1.57 per pound in 1991 to $1.69 per pound in 1992 and then fell to $1.53 per pound in 1993. Unit values in the interim periods fell from $1.68 per pound in January-March 1993 to $1.32 per pound in the corresponding period of 1994.

The quantity of imports of glycine from nonsubject countries increased by 232.5 percent in 1991-93 and increased by over 1,000 percent in interim 1994 compared with the corresponding period in 1993. The value of imports of glycine from nonsubject countries followed the same increasing trends.[58]

Market Penetration by the Subject Imports

Petitioners' market share and the market shares of imports from China and all other sources, based on apparent U.S. consumption of glycine, are presented in table 17. Apparent consumption is calculated from U.S. shipment data provided by U.S. glycine producers and from imports provided in official statistics.

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[56] The United States is the largest producer of pharmaceutical products, as well as the world's largest producer and consumer of antiperspirant and deodorant products; in addition, it is a leading producer and consumer of pet foods, all of which are large users of glycine; petition, pp. 39-40. See also petitioners' postconference brief, pp. 19-20.

[57] The Commission sent importers' questionnaires to all firms believed to be importing glycine from China, and responses with usable data were received from all significant importers of such product. Reported imports were *** percent of official statistics in 1993 and January-March 1993, and *** percent in interim 1994.

[58] Imports of glycine from Japan and the U.K. increased from 62,587 pounds in 1991 to 217,878 pounds in 1993. Such imports increased from 1,413 pounds in January-March 1993 to 169,425 pounds in the corresponding period in 1994.

Table 16
Glycine: U.S. imports, by sources, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

Item	1991	1992	1993	Jan.-Mar.-- 1993	1994
	Quantity (*1,000 pounds*)				
China	67	112	905	248	308
Other sources	100	61	333	13	170
Total	167	174	1,238	261	477
	Value (*1,000 dollars*)				
China	105	190	1,381	416	407
Other sources	473	397	875	75	446
Total	578	587	2,256	491	853
	Unit value (*per pound*)				
China	$1.57	$1.69	$1.53	$1.68	$1.32
Other sources	4.73	6.49	2.63	5.91	2.63
Average	3.46	3.38	1.82	1.88	1.79
	Share of total quantity (*percent*)				
China	40.0	64.8	73.1	95.1	64.5
Other sources	60.0	35.2	26.9	4.9	35.5
Average	100.0	100.0	100.0	100.0	100.0
	Share of total value (*percent*)				
China	18.1	32.4	61.2	84.8	47.7
Other sources	81.9	67.6	38.8	15.2	52.3
Average	100.0	100.0	100.0	100.0	100.0

Note.--Because of rounding, figures may not add to the totals shown; unit values are calculated from unrounded figures.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 17
Glycine: Apparent U.S. consumption and market penetration, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

U.S. producers' market share, based on the quantity of U.S. consumption, *** from *** percent in 1991 to *** percent in 1992 and *** to *** percent in 1993. U.S. producers' market share *** from *** percent in January-March 1993 to *** percent in the corresponding period of 1994. U.S. producers' market share, based on the value of U.S. consumption, *** from *** percent in 1991 to *** percent in 1993, and *** from *** percent in interim 1993 to *** percent in interim 1994.

The market share of imports from China, based on quantity, *** from *** percent in 1991 to *** percent in January-March 1994. China's market share, based on value, followed the same trend, *** from *** percent in 1991 to *** percent in the first quarter of 1994. The market share of imports of glycine from other sources *** during the period, both in terms of quantity and in terms of value.

Prices

Marketing Considerations

Glycine functions as a sweetener/taste enhancer, buffering agent, reabsorbable amino acid, chemical intermediary, and metal complexing agent. It is used in the production of a variety of products including carbonated soft drinks, pet foods, pharmaceutical products, antacid and analgesic products, antiperspirants, and finished metal products. Demand for glycine *** during 1991-93, due in part to *** demand for the downstream products that use glycine.

Hampshire is the largest U.S. producer of glycine, accounting for *** percent of domestic production in 1993. Chattem, the only other U.S. producer of glycine, accounted for the remaining *** percent of 1993 U.S. glycine production. The six responding importers *** accounted for *** percent of reported U.S. imports of Chinese glycine in 1993.

Hampshire markets glycine ***, whereas Chattem sells glycine ***. Most sales of U.S.-produced glycine are shipped to customers located *** the U.S. production facilities. U.S. producers maintain that transportation costs, which account for *** of the delivered price, are *** in their customers' purchasing decisions.

***. The other responding importers reported selling to various U.S. market areas. Importers make most of their sales to customers located within 500 miles of the U.S. point of entry. Four importers reported that transportation costs are not an important consideration in their customers' purchasing decision, accounting for between *** of the delivered price. Two importers reported that transportation costs ***, accounting for between *** and *** percent of the delivered price.

Hampshire sells most of its glycine on a contract basis, although it also sells a substantial amount on the spot market.[59] Hampshire's contracts typically ***. Chattem sells the vast majority of its glycine on the spot market.[60] ***.

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[59] During January 1991-March 1994, Hampshire sold *** pounds of glycine on a contract basis and *** pounds on a spot basis.

[60] During January 1991-March 1994, Chattem sold *** pounds of glycine on a contract basis and *** pounds on a spot basis.

Importers of Chinese glycine sell on both a contract and spot basis.[61] Importers' contracts ***.

Hampshire reported that pet food manufacturers can substitute other flavor enhancers for glycine, but this substitution would require a reformulation of their flavor components. Soft drinks that use glycine to mask the taste of saccharin could switch to aspartame, which does not require glycine as a masking agent. Antiperspirant producers could switch from aluminum zirconium glycinate (an intermediate product that requires glycine) to aluminum chlorohydrate.

Product Comparisons

Sales of glycine are differentiated by factors such as delivery lead times, reliability, and quality. U.S. producers reported average delivery lead times for sales from inventory of ***. Lead times for sales from current production were ***.[62] Importers' average delivery lead times for sales from inventory were ***. However, lead times for sales of newly ordered Chinese glycine ***. Importers also reported that their delivery is less reliable than that of the domestic producers.[63]

U.S. producers sell mainly USP grade glycine, although they also sell a substantial amount of the lower quality technical grade glycine.[64] Conversely, the responding importers reported more sales of technical grade glycine than USP grade glycine.[65] U.S. producers reported that USP grade glycine can be used in all glycine end-use markets, whereas technical grade glycine can be used in the antiperspirant, animal feed, and industrial markets but not in the pharmaceutical market.[66] Furthermore, ICC reported that pharmaceutical companies often do not accept imported Chinese USP grade glycine because of the extensive testing process required to qualify the Chinese product.[67] Maypro reported that ***.

Questionnaire Price Data

The Commission requested U.S. producers and importers of Chinese glycine to provide net f.o.b. and delivered prices, total quantities, and net f.o.b. and delivered unit values of two representative subject products. For each product listed below, the Commission requested price data for the largest spot and contract sale to unrelated U.S. end users and distributors for each quarter during January 1991-March 1994.

Product 1: USP-NF purity glycine

Product 2: Technical purity glycine

Two U.S. producers and five importers provided pricing data during January 1991-March 1994, although not necessarily through all channels of distribution or for all products, types of sales,

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[61] During January 1991-March 1994, importers reported selling *** pounds of glycine on a contract basis and *** pounds on a spot basis.

[62] Chattem reported that it ceased production of technical grade glycine in 1993, and thus could no longer supply this market.

[63] Conference TR, p. 92. ***.

[64] During January 1991-March 1994, U.S. producers sold *** pounds of USP grade glycine and *** pounds of technical grade glycine. ***.

[65] During January 1991-March 1994, Chinese importers sold *** pounds of USP grade glycine and *** pounds of technical grade glycine.

[66] Hampshire reported that, during 1993, it sold *** pounds of glycine to the *** market, *** pounds to the *** market, *** pounds to the *** market, and *** pounds to the *** market.

[67] Conference TR, p. 95.

or quarters. The responding U.S. producers accounted for 100 percent of the reported U.S. shipments of U.S.-produced glycine in 1993. The responding importers accounted for 100 percent of reported U.S. shipments of imported Chinese subject product in 1993. Weighted-average net f.o.b. and delivered prices for contract and spot sales of U.S.-produced and imported Chinese products 1 and 2 to end users and distributors are presented in tables 18-23 and figures 3-8.

Table 18
Glycine: Weighted-average net f.o.b. prices and total quantities of U.S.-produced and imported Chinese product 1 sold to end users on a contract basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 19
Glycine: Weighted-average net f.o.b. prices and total quantities of U.S.-produced and imported Chinese product 2 sold to end users on a contract basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 20
Glycine: Weighted-average net f.o.b. prices and total quantities of U.S.-produced and imported Chinese product 1 sold to end users on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 21
Glycine: Weighted-average net f.o.b. prices and total quantities of U.S.-produced and imported Chinese product 2 sold to end users on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 22
Glycine: Weighted-average net f.o.b. prices and total quantities of U.S.-produced and imported Chinese product 1 sold to distributors on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Table 23
Glycine: Weighted-average net f.o.b. prices and total quantities of U.S.-produced product 2 sold to distributors on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 3
Glycine: Weighted-average net f.o.b. prices of U.S.-produced and imported Chinese product 1 sold to end users on a contract basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 4
Glycine: Weighted-average net f.o.b. prices of U.S.-produced and imported Chinese product 2 sold to end users on a contract basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 5
Glycine: Weighted-average net f.o.b. prices of U.S.-produced and imported Chinese product 1 sold to end users on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 6
Glycine: Weighted-average net f.o.b. prices of U.S.-produced and imported Chinese product 2 sold to end users on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 7
Glycine: Weighted-average net f.o.b. prices of U.S.-produced and imported Chinese product 1 sold to distributors on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Figure 8
Glycine: Weighted-average net f.o.b. prices of U.S.-produced product 2 sold to distributors on a spot basis, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Price trends for contract sales of U.S.-produced glycine to end users

F.o.b. prices for contract sales of domestic product 1 ***, f.o.b. prices for contract sales of domestic product 2 *** during January 1991-March 1994. Contract prices for product 1 showed ***, *** by *** percent over the period. Contract prices for product 2 *** percent in the fourth quarter of 1991, *** by *** percent through the fourth quarter of 1993, then *** by *** percent in the first quarter of 1994. Over the entire period, product 2 prices *** by *** percent.

Price trends for contract sales of imported Chinese glycine to end users

Importers of Chinese glycine reported only limited price data for contract sales to end users. Contract prices for product 1 *** by *** percent in the first quarter of 1994.[68] Contract prices for product 2 *** during October 1992-March 1994, *** by *** percent over the available quarters of data.[69]

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[68] During the same period, prices for contract sales of domestic product 1 to end users *** percent.
[69] During the same period, prices for contract sales of domestic product 2 to end users *** percent.

Price trends for spot sales of U.S.-produced glycine to end users

Prices for spot sales of domestic products 1 and 2 to end users showed mixed trends. Spot prices for product 1 *** by *** percent to their *** point in the first quarter of 1993, then *** by *** percent to their *** point in the first quarter of 1994. Prices for product 1 were *** percent *** at the end of the period than they were at the beginning of the period. Spot prices for product 2 *** during 1991-92, then *** during 1993 and the first quarter of 1994. Prices for product 2 were *** percent *** at the end of the period than they were at the beginning of the period.

Price trends for spot sales of imported Chinese glycine to end users

Prices for spot sales of imported Chinese products 1 and 2 to end users showed mixed trends. Spot prices for product 1 *** by *** percent over the period. Available spot price data for product 2 *** by *** percent during July 1991-March 1994.[70]

Price trends for spot sales of U.S.-produced glycine to distributors

Prices for spot sales of domestic products 1 and 2 to distributors *** during the period. Spot prices for product 1 *** by *** percent to their *** point in the fourth quarter of 1992, then *** by *** percent during the rest of the period. Overall, prices for product 1 *** by *** percent during January 1991-March 1994. Spot prices for product 2 were *** during 1991-92, *** by *** percent in the first quarter of 1993, and *** the same level during the rest of the period.

Price trends for spot sales of imported Chinese glycine to distributors

The available quarters of price data for spot sales of imported Chinese product 1 to distributors showed prices declining during the period. Available product 1 price data were *** during July 1991-December 1992, then *** by *** percent during the rest of period.[71]

Input costs

Hampshire's quarterly raw material costs per pound of glycine produced are shown in figure 9.[72] Raw material costs *** by *** percent to their *** point of the period in ***, then *** by *** percent in *** and *** during the rest of the period. Overall, raw material costs were *** percent ***.

Figure 9
Input costs: Raw material costs per pound of glycine produced, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

[70] During the same period, spot prices for domestic product 2 *** percent.
[71] During the same period, spot prices for domestic product 1 *** percent.
[72] Hampshire reported its quarterly unit costs for its *** raw materials (hydrogen cyanide, formaldehyde, and caustic soda). The cost of these three raw materials accounted for *** percent of Hampshire's total raw materials cost during 1993. Hampshire also reported the quantity of each of these raw materials required to produce a pound of glycine. Hampshire's quarterly unit raw materials costs were computed by multiplying the quarterly unit cost of each raw material by the quantity of that raw material required to produce a pound of glycine. These three numbers were summed, resulting in an estimated quarterly unit raw materials cost.

Price comparisons for sales of imported Chinese glycine

The available price data for contract and spot sales of imported Chinese glycine to end users and distributors allowed *** price comparisons (table 24). Overall, prices for imported Chinese glycine were below prices for the domestic material in *** by an average of *** percent and were above in *** by an average of *** percent. Imported Chinese product 1 sold on a contract basis to end users was priced *** domestic product 1 sold on a comparable basis in *** by *** percent and was priced *** in the remaining three quarters by an average of *** percent. Conversely, contract sales of imported Chinese product 2 to end users were priced *** comparable sales of the domestic product 2 in all six available quarters by an average of *** percent. In 1991, imported Chinese products 1 and 2 sold on a spot basis to end users were *** domestic products sold on a similar basis. However, during the rest of the period, spot prices for the imported Chinese products 1 and 2 sold to end users were *** spot prices for domestic products 1 and 2 sold to end users. Over the entire period, spot prices for imported Chinese product 1 sold to end users were *** spot prices for end-user sales of the domestic product 1 in nine quarters by an average of *** percent, and were *** in four quarters by an average of *** percent. Similarly, spot prices for imported Chinese product 2 sold to end users were *** spot prices for end user sales of domestic product 2 in six quarters by an average of *** percent, and were *** in three quarters by an average of *** percent. Price margins for spot sales of product 1 to distributors showed a similar trend. During July 1991-March 1993, spot prices for imported Chinese product 1 sold to distributors were *** spot prices for distributor sales of the domestic product 1 in all five available quarters by an average of *** percent. However, during the remaining four quarters, prices for the imported Chinese product were *** prices for the domestic product by an average of *** percent.

Table 24
Glycine: Chinese margins of underselling/(overselling) for contract and spot sales of products 1 and 2 by importers to end users and distributors, by quarters, Jan. 1991-Mar. 1994

* * * * * * *

Exchange Rates

The nominal value of the Chinese yuan (figure 10) depreciated by 40.0 percent in relation to the U.S. dollar during January 1991-March 1994. Producer price index information for China is unavailable, thus real exchange rates cannot be calculated.

Lost Sales and Lost Revenues

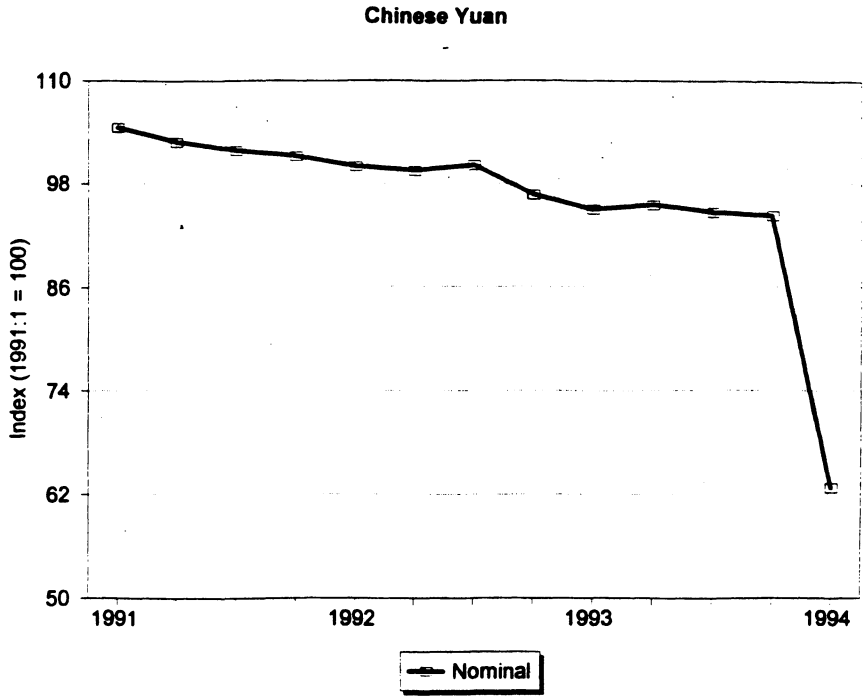
The responding U.S. producers reported lost sale and lost revenue allegations as shown in the tabulation below.

* * * * * * *

The Commission interviewed *** purchasers named in *** of the lost sale allegations concerning *** pounds of glycine worth $*** and *** of the lost revenue allegations concerning *** pounds of glycine worth $***. The information obtained from these purchasers is discussed below.

* * * * * * *

Figure 10
Indexes of the nominal exchange rates between the U.S. dollar and Chinese yuan, by quarters, Jan. 1991-Mar. 1994



Source: International Monetary Fund, *International Financial Statistics*, June 1994.

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

Investigation No. 731–TA–718 (Preliminary)

Glycine From the People's Republic of China

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of a preliminary antidumping investigation.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731–TA–718 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the People's Republic of China of glycine, provided for in subheading 2922.49.40 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by August 15, 1994.

For further information concerning the conduct of this investigation 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 and B (19 CFR part 207).

EFFECTIVE DATE: July 1, 1994.

FOR FURTHER INFORMATION CONTACT: Valerie Newkirk (202–205–3190), 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. Information can also be obtained by calling the Office of Investigations' remote bulletin board system for personal computers at 202–205–1895 (N,8,1).

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on July 1, 1994, by Hampshire Chemical Corporation, Lexington, MA, and Chattem, Inc., Chattanooga, TN.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the Federal Register. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this preliminary investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than seven (7) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on July 22, 1994, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Valerie Newkirk (202–205–3190) not later than July 20, 1994, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before July 27, 1994, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (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 investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

By order of the Commission.

Issued: July 5, 1994.

Donna R. Koehnke,

Secretary.

[FR Doc. 94–16674 Filed 7–7–94; 8:45 am]

BILLING CODE 7020–02–P

[A-570-836]

Initiation of Antidumping Duty Investigation: Glycine From the People's Republic of China

AGENCY: Import Administration, International Trade Administration, Commerce.

EFFECTIVE DATE: July 28, 1994.

FOR FURTHER INFORMATION CONTACT: Julie Anne Osgood or David Boyland, Office of Countervailing Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C., 20230 at (202) 482-0167 and (202) 482-0588, respectively.

INITIATION OF INVESTIGATION:

The Petition

On July 1, 1994, we received a petition in proper form filed by Hampshire Chemical Corporation ("Hampshire") and Chattem Inc., Chemicals Division ("Chattem") (hereinafter "petitioners"). Petitioners filed a supplement to the petition on July 21, 1994.

In accordance with 19 CFR 353.12, petitioners allege that imports of glycine, or aminoacetic acid, from the People's Republic of China ("PRC") are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended ("the Act"), and that such imports are materially injuring, or threatening material injury to, a U.S. industry.

Petitioners state that they have standing to file the petition because Hampshire and Chattem are interested parties, as defined under section 771(9)(C) of the Act, and are the only two U.S. producers of glycine known to petitioners. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, it should file a written notification with the Assistant Secretary for Import Administration.

Scope of Investigation

The product covered by this investigation is glycine which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used as a sweetener/taste enhancer, a buffering agent, reabsorbable amino acid, chemical intermediate, and a metal complexing agent. Glycine is currently classified under subheading 2922.49.4020 of the Harmonized Tariff Schedule of the United States ("HTSUS"). The scope of this investigation includes glycine of all purity levels. Although the HTSUS subheading is provided for convenience and Customs purposes, our written description of the scope of this proceeding is dispositive.

United States Price and Foreign Market Value

Petitioners based United States Price ("USP") on four price quotes with various terms of sale and Bureau of Census import statistics for glycine from the PRC. For purposes of this initiation, we have relied on the 1994 price quotes (two of the four price quotes provided) and on the Bureau of Census import statistics since they are contemporaneous with the calculated foreign market value and more proximate with the period of investigation. Petitioners deducted foreign inland freight, ocean freight and marine insurance, and U.S. inland freight from the price quotes to arrive at an ex-factory unit value for imports. In using the import statistics, petitioners deducted foreign inland freight from the value to arrive at an ex-factory unit value.

Petitioners contend that the foreign market value ("FMV") of glycine subject to this investigation must be determined in accordance with section 773(c) of the Act, which concerns nonmarket economy ("NME") countries. The Department has determined the PRC to be an NME, within the meaning of section 771(18)(A) of the Act, in previous cases (*see e.g., Final Determination of Sales at Less Than Fair Value: Sebacic Acid from the PRC*, May 31, 1994 (59 FR 28053)). In accordance with 771(18)(C) of the Act,

that determination continues to apply for purposes of this initiation.

In the course of this investigation, parties will have the opportunity to address this NME determination and provide relevant information and argument on this issue. Consistent with section 773(c)(1)(B) of the Act (*see Amendment to Final Determination of Sales at Less Than Fair Value and Amendment to Antidumping Duty Order: Chrome-Plated Lug Nuts from the People's Republic of China*, 57 FR 15052 (April 24, 1992)), parties will have the opportunity in this investigation to submit comments on whether FMV should be based on prices or costs.

In accordance with section 773(c) of the Act, FMV in NME cases is based on NME producers' factors of production valued in a market economy country. In this case, to determine FMV, petitioners relied on the factors of production used by Chattem since Chattem's production process is believed to be similar to the PRC producers' manufacturing process.

In valuing the factors of production, petitioners used India and Pakistan as surrogate countries. For purposes of this initiation, we have accepted India and Pakistan as surrogates because their economies are at a level of development comparable to the PRC's. (*See* Memorandum to David L. Binder, Director-Division II, Office of Antidumping Investigations from David P. Mueller, Director, Office of Policy, dated August 1993, regarding non-market economy status and surrogate country selection, on file in Room B-099 of the Department of Commerce.) Also, there is evidence on the record that India is a producer of comparable merchandise, as required by section 773(c)(4) of the Act. When cost information was not available in either of these countries, petitioners valued the factor using Chattem's own costs.

In accordance with section 773(c)(1)(B) of the Act, petitioners' FMV consisted of the sum of values assigned to materials, labor, energy, overhead, and packing. Petitioners adjusted certain factor values for inflation and currency exchange rates. Pursuant to section 773(e)(1) of the Act, petitioners added to the labor and material costs, and general expenses, the statutory minimum of eight percent for profit.

Fair Value Comparisons

Based on the data provided by petitioners, there is reason to believe that glycine from the PRC is being, or is likely to be, sold at less than fair value. The comparison of USP and FMV in the petition indicates margins ranging from 86.43 percent to 155.89 percent. If it becomes necessary at a later date to consider the petition as a source of best information available ("BIA"), we may review these calculation bases.

Initiation of Investigation

We have examined the petition on glycine and have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of glycine from the PRC are being, or are likely to be, sold in the United States at less than fair value.

International Trade Commission ("ITC") Notification

Section 732(d) of the Act requires us to notify the ITC of these actions, and we have done so.

Preliminary Determination by the ITC

The ITC will determine by August 15, 1994, whether there is a reasonable indication that imports of glycine from the PRC are causing material injury, or threaten to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: July 21, 1994.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 94-18314 Filed 7-27-94; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

CALENDAR OF THE PUBLIC CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission conference:

Subject: GLYCINE FROM THE PEOPLE'S REPUBLIC OF CHINA

Investigation No.: 731-TA-718 (Preliminary)

Date and Time: July 22, 1994 - 9:30 a.m.

Sessions were held in connection with the investigation in Room 100 (Courtroom A) of the United States International Trade Commission, 500 E Street, SW, Washington, DC.

In support of the Imposition of Antidumping Duties:

Sidley & Austin--Counsel
Washington, DC
On behalf of

Chattem, Inc. and Hampshire Chemical Corporation

Mark DeGeorge, Commercial Manager, Hampshire Chemical Corp.

Ray Smith, Vice President of Operations, Chemicals Division, Chattem, Inc.

Judith H. Bello)--OF COUNSEL

In opposition to the Imposition of Antidumping Duites:

Ober, Kaler, Grimes & Shriver
Washington, DC
On behalf of

ICC Industries and Maypro Industries

Mario Gaerlan, ICC Industries

Steve Yamada, Maypro Industries

William E. Perry)--OF COUNSEL

APPENDIX C

SUMMARY TABLES

Table C-1
Glycine: Summary data concerning the U.S. market, 1991-93, Jan.-Mar. 1993, and Jan.-Mar. 1994

* * * * * * *

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF GLYCINE FROM THE PEOPLE'S REPUBLIC OF CHINA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND/OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

Actual Negative Impact

Chattem, Inc.

* * * * * * *

Hampshire Chemical Corp.

* * * * * * *

Anticipated Negative Impact

Chattem, Inc.

* * * * * * *

Hampshire Chemical Corp.

* * * * * * *

Scale of Capital Investment

Chattem, Inc.

* * * * * * *

Hampshire Chemical Corp.

* * * * * * *