

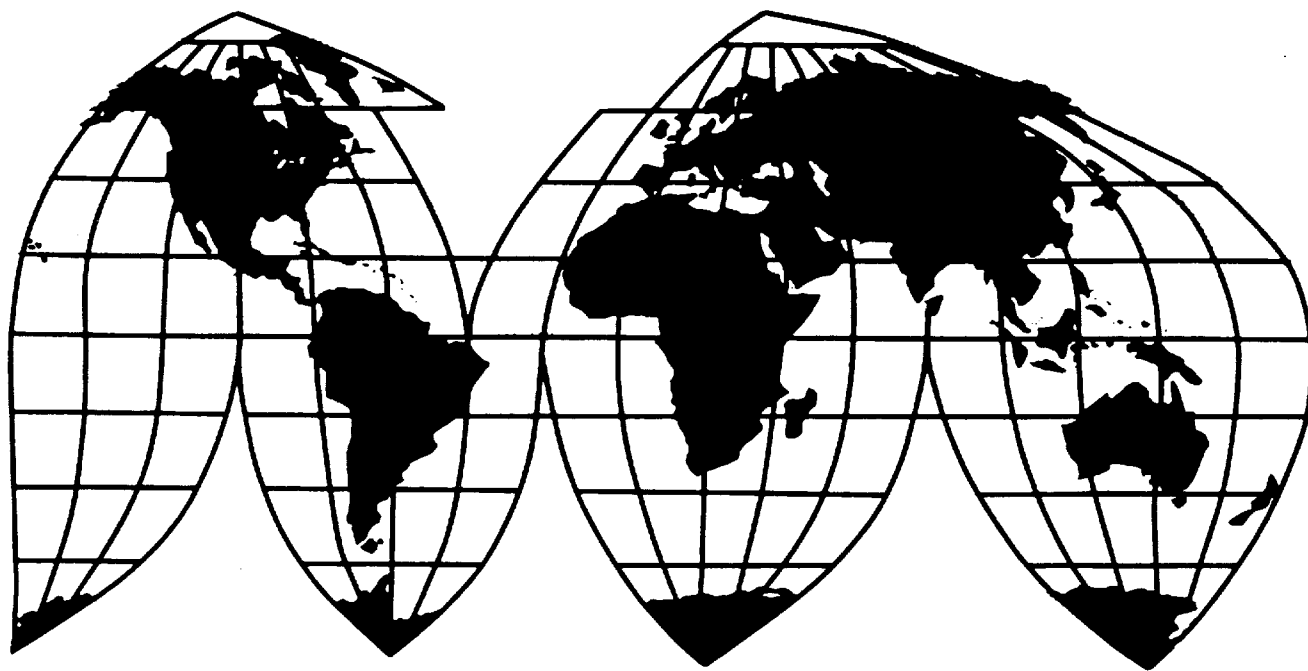
Sulfanilic Acid From China and India

Investigation Nos. 701-TA-318
and 731-TA-538 and 561 (Second Review)

Publication 3849

April 2006

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Stephen Koplan, Chairman
Deanna Tanner Okun, Vice Chairman
Jennifer A. Hillman
Charlotte R. Lane
Daniel R. Pearson
Shara L. Aranoff

Robert A. Rogowsky
Director of Operations

Staff assigned

Mary Messer, *Investigator*
Eric Land, *Industry Analyst*
Selamawit Legesse, *Economist*
Mary Klir, *Accountant*
Karen Veninga Driscoll, *Attorney*
Lita David-Harris, *Statistician*

George Deyman, *Supervisory Investigator*

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

U.S. International Trade Commission

Washington, DC 20436

www.usitc.gov

Sulfanilic Acid From China and India

Investigation Nos. 701-TA-318
and 731-TA-538 and 561 (Second Review)



Publication 3849

April 2006

CONTENTS

	<i>Page</i>
Determinations	1
Views of the Commission	3
Part I: Introduction and overview	I-1
Background	I-1
The original investigations and expedited first five-year reviews	I-2
Related Commission investigations	I-3
Commerce’s original determinations and subsequent review determinations	I-4
Commerce’s final results of expedited second five-year reviews	I-4
Distribution of Continued Dumping and Subsidy Offset Act funds to affected domestic producers	I-7
Statutory criteria and organization of the report	I-7
Summary data	I-10
The subject product	I-10
Scope	I-10
U.S. tariff treatment	I-15
Physical characteristics	I-15
Uses	I-16
Manufacturing process	I-17
Channels of distribution	I-17
Domestic like product issues	I-17
U.S. market participants	I-18
U.S. producers	I-18
U.S. importers	I-18
Apparent U.S. consumption and market shares	I-19
Part II: Conditions of competition in the U.S. market	II-1
U.S. market segments	II-1
Supply and demand considerations	II-1
U.S. supply	II-1
U.S. demand	II-2
Substitutability issues	II-3
Factors affecting purchasing decisions	II-3
Comparisons of domestic products, subject imports, and nonsubject imports	II-7
Elasticity estimates	II-7
U.S. supply elasticity	II-8
U.S. demand elasticity	II-8
Substitution elasticity	II-9
Part III: U.S. producer’s operations	III-1
U.S. producer’s capacity, production, and capacity utilization	III-1
U.S. producer’s domestic shipments and export shipments	III-2
U.S. producer’s inventories	III-2
U.S. producer’s imports	III-2
U.S. producer’s employment, wages, and productivity	III-3

CONTENTS

	<i>Page</i>
Part III: U.S. producer's operations— <i>Continued</i>	
Financial experience of the U.S. producer	III-3
Background	III-3
Operations on sulfanilic acid	III-3
Capital expenditures and research and development expenses	III-4
Assets and return on investment	III-5
Part IV: U.S. imports and the industries in China and India	IV-1
U.S. imports	IV-1
U.S. importers' inventories	IV-1
Cumulation considerations	IV-1
The industry in China	IV-4
The industry in India	IV-5
The world market	IV-9
Part V: Pricing and related information	V-1
Factors affecting prices	V-1
Raw materials and other production costs	V-1
Transportation costs to the U.S. market	V-2
U.S. inland transportation costs	V-2
Exchange rates	V-2
Pricing practices	V-2
Pricing methods	V-3
Price data	V-3
Price trends	V-4
Price comparisons	V-5
 Appendixes	
A. <i>Federal Register</i> notices and the Commission's statement on adequacy	A-1
B. Calendar of the public hearing	B-1
C. Summary data	C-1
D. Responses of the U.S. producer, U.S. importers, and U.S. purchasers concerning the significance of the antidumping and countervailing duty orders and the likely effects of revocation	D-1

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-318 and 731-TA-538 and 561 (Second Review)

SULFANILIC ACID FROM CHINA AND INDIA

DETERMINATIONS

On the basis of the record¹ developed in the subject five-year reviews, the United States International Trade Commission (“Commission”) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (“the Act”), that revocation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted these reviews on May 2, 2005 (70 F.R. 22698) and determined on August 5, 2005 that it would conduct full reviews (70 F.R. 48588, August 18, 2005). Notice of the scheduling of the Commission’s reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 20, 2005 (70 F.R. 55165). The hearing was held in Washington, DC, on January 26, 2006, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India is likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. BACKGROUND

In August 1992, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of sulfanilic acid from China that were being sold in the United States at less than fair value (“LTFV”).¹ In August 1992, the Department of Commerce (“Commerce”) issued an antidumping duty order on sulfanilic acid from China.² In February 1993, the Commission determined that an industry in the United States was threatened with material injury by reason of subsidized imports of sulfanilic acid from India that were also being sold in the United States at LTFV.³ In March 1993, Commerce issued antidumping and countervailing duty orders on sulfanilic acid from India.⁴

On October 1, 1999, the Commission instituted reviews pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), to determine whether revocation of the countervailing duty order on sulfanilic acid from India, and revocation of the antidumping duty orders on sulfanilic acid from China and India, would likely lead to the continuation or recurrence of material injury to a domestic industry.⁵ On January 7, 2000, the Commission voted to conduct expedited reviews in all three subject five-year reviews involving sulfanilic acid.⁶ The Commission determined the respondent interested party responses to be inadequate, and found no other circumstances that would warrant conducting full reviews.⁷ In May 2000, the Commission determined that revocation of the countervailing duty order on sulfanilic acid from India and the antidumping orders on sulfanilic acid from China and India would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.⁸

¹ Sulfanilic Acid from the People’s Republic of China, Inv. No. 731-TA-538 (Final), USITC Pub. 2542 (Aug. 1992) (“Original China Determination”) at 3. The Commission further determined that it would not have found material injury but for the suspension of liquidation of entries of the subject merchandise. Id. One Commissioner dissented.

² 57 Fed. Reg. 37524 (Aug. 19, 1992).

³ Sulfanilic Acid from the Republic of Hungary and India, Inv. Nos. 701-TA-318 and 731-TA-560 and 561 (Final), USITC Pub. 2603 (Feb. 1993) (“Original India Determinations”) at 3. The Commission further determined for both the Indian countervailing duty and antidumping duty investigations, that it would not have found material injury but for the suspension of liquidation of entries of the subject merchandise. Id.

⁴ 58 Fed. Reg. 12025 and 12026 (March 2, 1993). R-M Industries, Inc., the sole domestic producer of sulfanilic acid in the United States, filed the petitions in both investigations. Confidential Staff Report (“CR”) at I-3; PR at I-2.

⁵ 64 Fed. Reg. 53412 (Oct. 1, 1999).

⁶ CR at I-4; PR at I-3.

⁷ Explanation of Commission Determination on Adequacy, Sulfanilic Acid from China and India, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Review). Vice Chairman Okun did not participate.

⁸ 65 Fed. Reg. 34232 (May 26, 2000); Sulfanilic Acid from China and India, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Review), USITC Pub. 3301 (May 2000) (“First Review Determinations”) at 3.

Subsequently, Commerce issued a continuation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India.⁹

On May 2, 2005, the Commission instituted these reviews to determine whether revocation of the countervailing and antidumping duty orders on sulfanilic acid from China and India would likely lead to continuation or recurrence of material injury.¹⁰ The Commission received responses from Nation Ford Chemical Co. (“NFC”), the sole domestic producer of sulfanilic acid, and Kokan Synthetics & Chemicals Pvt., Ltd. (“Kokan”), a producer of subject merchandise in India. It did not receive a response from any other respondent interested party in these second five-year reviews. On August 5, 2005, the Commission determined that the domestic interested party response was adequate, and that the respondent interested party response with respect to India was adequate, but that the Chinese response was inadequate. The Commission determined to conduct full reviews of the orders on sulfanilic acid from India based on the adequate response from Kokan, and to conduct a full review of the order on sulfanilic acid from China to promote administrative efficiency in light of its decision to conduct full five-year reviews of the orders on sulfanilic acid from India.¹¹

In its response to the Commission’s notice of institution, Kokan informed the Commission that it intended to participate in these reviews, and that it was willing to provide information requested by the Commission.¹² After participating in the adequacy phase of these reviews, however, Kokan withdrew its notice of appearance.¹³ It did not appear at the hearing or submit questionnaire responses or briefs.¹⁴ Only a few respondent importers of subject merchandise from China submitted substantive questionnaire responses in this case.¹⁵ Furthermore, only limited responses were received to the Commission’s foreign producer questionnaires.¹⁶ With the exception of Kokan’s limited participation, no respondents have participated in these reviews by filing responses to the notice of institution, or filing briefs or testifying at the hearing. Accordingly, where appropriate, we have relied on the facts available in these reviews, which consist primarily of the evidence in the record from the Commission’s original investigations and the first five-year reviews, the information collected by the Commission since the institution of these reviews, and the limited information submitted by parties in these reviews.

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”¹⁷ The Act defines the “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an

⁹ 65 Fed. Reg. 36404 (June 8, 2000).

¹⁰ 70 Fed. Reg. 22698 (May 2, 2005).

¹¹ CR/PR at Appendix A, Explanation of Commission Determination on Adequacy in Sulfanilic Acid from China and India, (Aug. 2005). Commissioner Miller did not participate. See also, 70 Fed. Reg. 48588 (Aug. 18, 2005).

¹² Kokan’s Response to Notice of Institution at 1.

¹³ CR/PR at I-1, n.6.

¹⁴ CR/PR at I-1, n.6, and Appendix B, Calendar of Public Hearing.

¹⁵ CR at I-24-25; PR at I-18-19 and CR/PR at Table I-4. There were no imports from India over the review period.

¹⁶ CR at IV-7, IV-12; PR at IV-5, IV-7. Only one Chinese firm and one Indian firm responded to the Commission’s foreign producer questionnaire. Both firms stated that they no longer produced sulfanilic acid.

¹⁷ 19 U.S.C. § 1677(4)(A).

investigation under this subtitle.”¹⁸ The Commission’s practice in five-year reviews is to look to the like product definition from the original determination and any previous reviews and consider whether the record indicates any reason to revisit that definition.¹⁹

Sulfanilic acid is a synthetic organic chemical produced from aniline and sulfuric acid. It is typically used as a raw material in the production of optical brighteners, food colors, specialty dyes, and as an additive to specialty concretes.²⁰ There are three forms of sulfanilic acid: technical grade, refined grade, and sodium sulfanilate. In a solid state, all three forms of sulfanilic acid are gray-white to white crystalline powders.²¹ The three forms differ, however, in their purity levels. Technical grade sulfanilic acid is 96 percent pure; refined grade is 98 percent pure; and sodium sulfanilate is a salt which is 99 percent pure.²² Optical brighteners, particularly paper brighteners, constitute the largest single end-use for refined sulfanilic acid and sodium sulfanilate.²³ In most cases, optical brighteners and food colors are produced with “pure” product, either refined sulfanilic acid or sodium sulfanilate. Technical grade sulfanilic acid is used principally as a raw material for refined sulfanilic acid and sodium sulfanilate. Technical grade sulfanilic acid is also used in the production of certain specialty synthetic organic dyes and as an additive to specialty concretes.²⁴

In these five-year reviews, Commerce has defined the subject merchandise as:
[A]ll grades of sulfanilic acid, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid (sodium sulfanilate). The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry free flowing powders. Technical sulfanilic acid contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline, and 0.25 percent maximum alkali insoluble materials. Sodium salt of sulfanilic acid (sodium sulfanilate) is a granular or crystalline material containing 75 percent minimum sulfanilic acid, 0.5 percent maximum aniline, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content.²⁵

¹⁸ 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

¹⁹ See Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom, Inv. No. 701-TA-380-382 and 731-TA-797-804 (Review), USITC Pub. 3788 (July 2005) at 6; Crawfish Tail Meat from China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 (July 2003) at 4; Steel Concrete Reinforcing Bar from Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 (Feb. 2003) at 4.

²⁰ 70 Fed. Reg. 53164, 53168 (Sept. 7, 2005). See also CR at I-20; PR at I-16.

²¹ CR at I-19-20; PR at I-15-16.

²² CR at I-19; PR at I-15-16. Sodium sulfanilate contains 75 percent minimum equivalent sulfanilic acid. Id.

²³ CR at I-20; PR at I-16.

²⁴ CR at I-20 & n.44; PR at I-16 & n.44.

²⁵ 70 Fed. Reg. 53164 (Sept. 7, 2005) (China and India, results of expedited reviews of antidumping duty orders); 70 Fed. Reg. 53168 (Sept. 7, 2005) (India, results of expedited review of countervailing duty order). Currently, the subject merchandise is provided for under HTSUS item number 2921.42.22. CR at I-19; PR at I-16. Commerce included all grades of sulfanilic acid in its description of the subject merchandise in its original antidumping and countervailing duty investigations and in its first five-year reviews. Original China Determination at 6; Original India Determinations at 7; First Review Determinations at 4.

The starting point of the Commission’s like product analysis in a five-year review is the like product definition in the Commission’s original determination.²⁶ In its original determinations, the Commission defined the domestic like product as all forms of sulfanilic acid, coextensive with the scope.²⁷ In so doing, the Commission determined that the different forms of sulfanilic acid were not separate domestic like products. In both the China and India determinations, the Commission stated that “[t]he three forms of sulfanilic acid have similar physical characteristics, end uses, channels of distribution, and common manufacturing facilities and production employees.” The Commission also found evidence of sufficient interchangeability among the different forms of sulfanilic acid, especially between refined grade sulfanilic acid and sodium sulfanilate, for purposes of its like product definition.²⁸

In the first five-year reviews, the Commission again defined the domestic like product as all forms of sulfanilic acid, coextensive with the scope. In so doing, the Commission noted that NFC agreed with its definition from the original investigations, and found that no new information was obtained during the first five-year reviews that would suggest that the Commission should depart from its original definition of the domestic like product.²⁹

Again, in these second five-year reviews, NFC agrees with the Commission’s prior definition of the domestic like product,³⁰ and we find that nothing in the record indicates any significant changes that would warrant a different analysis. Accordingly, we define the domestic like product in the instant five-year reviews to be all forms of sulfanilic acid, coextensive with Commerce’s definition of the subject merchandise.

B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”³¹

In the original determinations and the first five-year reviews, the Commission defined the domestic industry to consist of all domestic producers of sulfanilic acid, which consisted of R-M Industries, Inc. at the time of its original determinations, and then in the first five-year reviews, its

²⁶ In the like product analysis for an investigation, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer and producer perceptions; and, where appropriate, (6) price. *See The Timken Co. v. United States*, 913 F. Supp. 580, 584 (CIT 1996). No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. *See, E.g. S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington*, 747 F. Supp. at 748-49.

²⁷ *Original China Determination* at 7; *Original India Determinations* at 8.

²⁸ *Original China Determination* at 7; *Original India Determinations* at 7-8.

²⁹ *First Review Determinations* at 5.

³⁰ NFC Prehearing Brief at 4.

³¹ 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. *See United States Steel Group v. United States*, 873 F. Supp. 673, 682-83 (Ct. Int’l Trade 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996).

successor, NFC.³² NFC urges the Commission to define the domestic industry in these reviews as it did in the previous reviews.³³

There are no related party issues in these second five-year reviews with respect to our definition of the domestic industry.³⁴ Accordingly, we define the domestic industry to consist of NFC, the sole domestic producer of sulfanilic acid.

III. CUMULATION

A. Overview

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.³⁵

Thus, cumulation is discretionary in five-year reviews. The Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market. The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.³⁶ We note that neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.³⁷ With respect to this provision, the

³² Original China Determination at 7; Original India Determinations at 8; First Review Determinations at 5. During the original investigations, there were two firms producing sulfanilic acid in the United States: petitioner R-M Industries, Inc. and Hilton Davis Co. (“Hilton Davis”). Hilton Davis, ***, ceased production in ***. Original China Determination at 7, n.16; Original India Determinations at 8, n.17; CR at I-23; PR at I-19.

³³ NFC Prehearing Brief at 4.

³⁴ Section 771(4)(B) of the Act (19 U.S.C. § 1677(4)(B)), allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise, or which are themselves importers. NFC *** subject merchandise over the review period, and there is no indication on the record that it is affiliated with any producers, exporters, or importers of subject merchandise. CR at I-24 and III-5; PR at I-18 and III-2. ***. CR/PR at Table I-4, n.3. No related party issues were raised in the original investigations or the first five-year reviews. See Original China Determination at 7; Original India Determinations at 8; First Review Determinations at 5.

³⁵ 19 U.S.C. § 1675a(a)(7).

³⁶ 19 U.S.C. § 1675a(a)(7).

³⁷ SAA, H.R. Rep. No. 103-316, vol. I (1994).

Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.³⁸

In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as the Commission initiated all the reviews on May 2, 2005.³⁹

The Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.⁴⁰ Only a “reasonable overlap” of competition is required.⁴¹ In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission’s traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are terminated. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.⁴²

B. Likelihood of No Discernible Adverse Impact

In the first five-year reviews, the Commission did not find that subject imports from either China or India were likely to have no discernible adverse impact on the domestic industry if the orders were revoked. The Commission found little basis in the record to make such a finding, and noted that, as here,

³⁸ For a discussion of the analytical framework of Chairman Koplán and Commissioner Hillman regarding the application of the “no discernible adverse impact” provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review), USITC Pub. 3274 (Feb. 2000). For a further discussion of Chairman Koplán’s analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review), USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplán Regarding Cumulation).

³⁹ 70 Fed. Reg. 22698 (May 2, 2005).

⁴⁰ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

⁴¹ See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff’d sub nom. Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

⁴² See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission’s determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallwerken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

no party had argued that subject imports from either China or India were likely to have no discernible adverse impact on the domestic industry.⁴³

As in the first five-year reviews, we do not find that subject imports from either China or India are likely to have no discernible adverse impact on the domestic industry if the orders were revoked.

China. While at much lower levels than in the original investigations, except for 1999 and 2000, subject imports from China have remained in the U.S. market during the current period of review notwithstanding the antidumping duty order.⁴⁴ The U.S. Embassy in Beijing has informed the Commission that there are now approximately 20 producers of sulfanilic acid in China, with aggregate annual production of approximately 50 million pounds.⁴⁵ This current reported production is *** times higher than the amount produced in 1991 by the one responding Chinese producer that exported to the United States.⁴⁶

Subject import volume, as well as production and production capacity of sulfanilic acid in China, increased significantly during the original investigation.⁴⁷ Moreover, NFC argues that Chinese producers can easily expand production capacity because they use a “batch production” process which enables them to easily switch from producing other chemicals to sulfanilic acid.⁴⁸ We discuss this production process in more detail below in our volume analysis. While current information on Chinese exports is limited, the record reflects that the sulfanilic acid industry in China is export-oriented.⁴⁹ Furthermore, Chinese producers would have incentives to redirect exports from other markets to the United States if the order was lifted. Prices for sulfanilic acid are generally higher in the United States than in other markets,⁵⁰ and the United States would be a more attractive market than the European Union, an important export market for China,⁵¹ if the order was lifted because the European Union has antidumping duties against sulfanilic acid imports from China.⁵²

We do not find that subject imports from China would likely have no discernible adverse impact on the domestic industry if the order was revoked. In so concluding, we also take into account other factors discussed below, including the substitutability of sulfanilic acid from different sources, the customary use of short-term contracts in this industry, and underselling in the current review period and the original investigations, which we find likely to recur if the order is revoked.

⁴³ First Review Determinations at 7, n.28.

⁴⁴ Subject import volume from China was 447,000 pounds in 2003, and 239,000 pounds in 2004, with the order in place. CR/PR at Table I-3. The current review period is 1999 through interim (January to September) 2005.

⁴⁵ CR at IV-8; PR at IV-5.

⁴⁶ CR at IV-5-6, IV-8; PR at IV-4-5. The record reflects that production of 50 million pounds per year has been typical for Chinese production of sulfanilic acid over the past seven years. CR at IV-8; PR at IV-5.

⁴⁷ The volume of subject imports from China increased from *** pounds in 1989 to *** pounds in 1990, and *** increased to *** pounds in 1991. CR/PR at Table I-3.

China’s reported production of sulfanilic acid increased from *** pounds in 1989 to *** pounds in 1990 and further to *** pounds in 1991. CR at IV-6; PR at IV-4 & Table IV-2. China’s reported capacity to produce refined sulfanilic acid increased by *** percent between 1989 and 1990 and by *** percent between 1990 and 1991. Three chemical factories opened between 1990 and 1991. Production capacity was *** pounds in 1989, *** pounds in 1990 and *** pounds in 1991. CR at IV-5-6; PR at IV-4 & CR/PR at Table IV-2.

⁴⁸ NFC Prehearing Brief at 15-16.

⁴⁹ CR at IV-8; PR at IV-5.

⁵⁰ CR at V-11, D-4-5; PR at V-4-5, D-4-5.

⁵¹ See CR/PR at Table IV-3.

⁵² CR at IV-10; PR at IV-5.

India. Although subject imports from India have been absent from the U.S. market during the review period, the largest exporter of sulfanilic acid from India, Kokan, reported in its response to the Commission's notice of institution that it produced *** pounds of sulfanilic acid in 2004, almost *** times India's total production in 1991.⁵³ Kokan estimated that it accounted for *** percent of total production of sulfanilic acid in India during 2004.⁵⁴ Moreover, NFC argues that expanding production capacity is relatively easy for Indian producers because they can easily switch from producing other chemicals to sulfanilic acid using the batch production process.⁵⁵ In the original investigations, subject imports from India rapidly increased in volume as the sulfanilic acid industry in India substantially increased its production, capacity, and capacity utilization.⁵⁶

Further, the industry in India is export-oriented. Data from *The World Trade Atlas* reflect that total exports of sulfanilic acid from India were higher in 2003 and 2004 than during the years examined during the original investigations, 1989, 1990, and 1991.⁵⁷ Kokan admits in its response to the Commission's notice of institution that it was "structured as an Export-Oriented Unit under Indian law" and that it has "significant exports to third countries such as the European Union, Mexico, Japan, Brazil and Taiwan."⁵⁸ Indian producers would also have incentives to redirect exports from other markets to the United States if the orders were lifted, as prices for sulfanilic acid are generally higher in the United States than in other markets.⁵⁹ Furthermore, the United States would be a more attractive market than the European Union, which apparently remains an important market for India,⁶⁰ if the orders were lifted because the European Union has countervailing duties and antidumping duties against sulfanilic acid imports from India.⁶¹

We do not find that subject imports from India would likely have no discernible adverse impact on the domestic industry if the orders were revoked. In so concluding, we also take into account other factors discussed below, including the substitutability of sulfanilic acid from different sources, the

⁵³ CR/PR at Table IV-4. Kokan is the only Indian producer for which we have substantive information in these reviews.

⁵⁴ Kokan Response to Commission Notice of Institution dated June 21, 2005 ("Kokan Response") at 3.

⁵⁵ NFC Prehearing Brief at 15-16. We note that Kokan reports a large-scale closure of sulfanilic acid plants in India. CR at IV-13; PR at IV-7. However, given that we have received no corroboration of these claims, such as news releases or other documentation; the ease with which Indian producers can reportedly expand production capacity to produce sulfanilic acid using the batch process; and the fact that production and production capacity actually did increase rapidly during the original investigation, we have not placed much weight on Kokan's arguments.

⁵⁶ In the original period of review, the volume of subject imports from India increased from *** in 1989 to *** pounds in 1990 and further to *** pounds in 1991. It was at its peak in interim 1992 at *** pounds. There were no imports of sulfanilic acid from India in the current review period. CR/PR at Table I-3.

Production of sulfanilic acid in India increased from *** pounds in 1989 to *** pounds in 1990 and further to *** pounds in 1991. CR/PR at Table IV-4. Production capacity in India also increased, from *** pounds in 1989 to *** pounds in 1990 and further to *** pounds in 1991. Capacity utilization kept pace with the significant increases in production capacity, increasing from *** percent in 1989 to *** percent in 1990 and further to *** percent in 1991. CR/PR at Table IV-4.

⁵⁷ In 1997, exports from India were *** than in 2003 or 2004. No other annual data were available. CR/PR at Table IV-4.

⁵⁸ Kokan Response at 3.

⁵⁹ CR at V-11, D-4-5; PR at V-4-5, D-4-5.

⁶⁰ See CR at IV-14; PR at IV-9; NFC Prehearing Brief at 18.

⁶¹ CR at IV-14; PR at IV-9.

customary use of short-term contracts in this industry, and underselling in the original investigations, which we find likely to recur if the orders were revoked.

C. Likelihood of a Reasonable Overlap of Competition

In the original China determination, two Commissioners cumulated subject imports from China with subject imports from India and Hungary in making their threat of material injury determinations.⁶² These Commissioners cumulated the subject imports even though they found differences in the types of sulfanilic acid produced domestically and those imported from the subject countries, in part because they found that there was at least some fungibility between technical grade sulfanilic acid, refined grade sulfanilic acid, and sodium sulfanilate.⁶³ They further found that subject imports and the domestic products were sold through common or similar channels of distribution, in the same geographic markets, sometimes to the same customers, and that they were simultaneously in the U.S. market during the latter portion of the period of investigation.⁶⁴

In the first five-year reviews, the Commission found a likely reasonable overlap of competition between subject imports from China and India and the domestic like product, based on a reasonable degree of fungibility between the subject imports produced in China and India, as well as between the subject imports and the domestic like product. The Commission reached this conclusion despite the limited interchangeability between technical grade sulfanilic acid and other forms of sulfanilic acid. The Commission found it likely that subject imports of sulfanilic acid from China and India and the domestic like product would be simultaneously present in the U.S. market, sold through the same channels of distribution, and sold in the same geographic markets. In particular, the Commission found that subject imports from China would likely be simultaneously in the U.S. market, and in the same channels of distribution as the domestic like product, if the orders were revoked, given that subject imports from China had continued to enter the U.S. market even with the orders in place.⁶⁵

The record in these reviews provides no reasons to depart from the prior overlap of competition findings concerning subject imports from China and India.

Concerning fungibility, the record indicates that there is a relatively high degree of interchangeability between the domestic like product and subject imports. Chinese producers and Indian producer Kokan manufacture and export refined sulfanilic acid,⁶⁶ which NFC now produces along with all other forms of sulfanilic acid.⁶⁷ ***, two out of three responding U.S. importers with familiarity on

⁶² In the original China determination, four Commissioners reached affirmative threat of material injury determinations. Two of those Commissioners exercised their discretion to cumulate subject imports from China with subject imports from India and Hungary in making their determinations. Under then applicable law, the Commission could cumulate imports subject to concurrent investigations. Original China Determination at 13-19.

⁶³ The domestic like product was technical grade or sodium sulfanilate; subject imports from China and Hungary were primarily refined grade; and subject imports from India were primarily technical grade. Original China Determination at 9, 14, n.53. The Commission found that NFC discontinued producing refined grade because the purification process was too costly, and because of competition from low-priced imports of refined grade sulfanilic acid. Id. at 9.

⁶⁴ Original China Determination at 16.

⁶⁵ First Review Determinations at 7-8.

⁶⁶ CR at IV-6 and IV-13; PR at IV-4 and IV-7.

⁶⁷ CR at I-22; PR at I-17.

the subject, and two out of three responding U.S. purchasers all stated that domestic, Chinese, and Indian sulfanilic acid could “always” be used interchangeably.⁶⁸

Our analysis of channels of distribution, current and prospective overlap of geographic markets and simultaneous presence is limited by low current volumes of subject imports, particularly from India. The limited record reflects competition between the domestic like product and subject imports for the same business. NFC reports that sulfanilic acid is sold to a relatively small number of end users, and four of the five importers that responded to the Commission’s questionnaire stated that they are end users.⁶⁹ NFC stated that all *** of its major domestic customers are multinational companies that consider bids from sulfanilic acid producers in China, India, and other countries.⁷⁰

With respect to geographic overlap, *** to a small number of end users.⁷¹ Importer *** reported that it sells sulfanilic acid from China in the Southeast and the Midwest United States.⁷² Nothing in the record indicates that subject imports would not be marketed to some of the same customers as domestic producers, as they were prior to issuance of the orders, should the orders be revoked.

The record also does not indicate that subject imports from both China and India would not both be simultaneously in the U.S. market competing against the domestic like product, if the orders were revoked. Subject imports from China have retained a market presence despite the discipline of the order. Although subject imports from India are not currently in the U.S. market, they *** increased in import volume and market share once they entered the market in the original investigations.⁷³ We also note that NFC reports that purchasers of sulfanilic acid get price quotes from Indian producers,⁷⁴ and that importers have stated that if the orders were lifted, they would purchase subject imports from both China and India.⁷⁵ Given the increase in production and exports of sulfanilic acid from India since the original investigations, we find it likely that subject imports from India would once again enter the U.S. market, as they did in the original investigations, if the orders were revoked.

Based on the foregoing evidence of fungibility, likely geographic overlap, likely similar channels of distribution, and likely simultaneous presence in the U.S. market, we find a likely reasonable overlap of competition between subject imports from China and India and the domestic like product if the orders are revoked.

D. Other Considerations

Given that they were assessing cumulation in a threat context, the two Commissioners that cumulated in the original China investigation also considered whether there were similar trends in import volumes, market penetration levels, and prices among the imports from the various countries, and found similar import volume, market penetration levels and pricing trends between the subject imports.⁷⁶

In the first five-year reviews, the Commission took into consideration the substantial capacity in each of the subject countries to produce sulfanilic acid, the export orientation of the foreign producers in

⁶⁸ CR/PR at Table II-4.

⁶⁹ CR/PR at II-1.

⁷⁰ NFC Posthearing Brief, Responses to Commissioner Aranoff, at 1.

⁷¹ NFC Posthearing Brief, Responses to Commissioner Pearson, at 3.

⁷² CR/PR at II-1, *** Questionnaire Response at 13. There were no subject imports from India over the review period.

⁷³ Original India Determinations at 21-23, 58-59.

⁷⁴ NFC Posthearing Brief, Responses to Commissioner Aranoff, at 1.

⁷⁵ CR/PR at D-4-6.

⁷⁶ Original China Determination at 16.

the subject countries, and the fact that subject imports from each of the subject countries would likely compete in the U.S. market under similar conditions of competition.⁷⁷

The record in these five-year reviews does not indicate any significant change since imposition of the orders or the five-year reviews in the conditions of competition under which imports from China and India would likely compete in the U.S. market if the orders were revoked.

Accordingly, we exercise our discretion to cumulate subject imports from these countries.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE COUNTERVAILING AND ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standard

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁷⁸ The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”⁷⁹ Thus, the likelihood standard is prospective in nature.⁸⁰ The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.^{81 82 83}

⁷⁷ First Review Determinations at 8.

⁷⁸ 19 U.S.C. § 1675a(a).

⁷⁹ SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

⁸⁰ While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

⁸¹ See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d without opinion, 05-1019 (Fed. Cir. August 3, 2005); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

⁸² Vice Chairman Okun notes that, consistent with her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” to mean “probable.” See Usinor Industeel, S.A. et. al. v. United States, No. 01-00006, Slip Op. 02-39 at 13 (Ct. Int’l Trade April 29, 2002). However, she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S.

(continued...)

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”⁸⁴ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis in original investigations.”^{85 86}

Although the standard in a five-year review is not the same as the standard applied in an original antidumping or countervailing duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”⁸⁷ It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁸⁸

⁸² (...continued)

Court of Appeals for the Federal Circuit addresses the issue. See also Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

⁸³ Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004), she does not concur with the U.S. Court of International Trade’s interpretation of “likely,” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

⁸⁴ 19 U.S.C. § 1675a(a)(5).

⁸⁵ SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

⁸⁶ In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

⁸⁷ 19 U.S.C. § 1675a(a)(1).

⁸⁸ 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-5; PR at I-4. The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

B. Conditions of Competition

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁸⁹ The following conditions of competition are relevant to our determination.

Demand. Demand for sulfanilic acid is driven by demand for downstream products using sulfanilic acid, such as optical brighteners, food colors, specialty dyes, and specialty concretes.⁹⁰ The manufacture of optical brighteners, particularly paper brighteners, constitute the largest single end use for refined sulfanilic acid and sodium sulfanilate.⁹¹ Demand for sulfanilic acid is fairly inelastic. Purchasers would continue to demand fairly constant quantities over a considerably wide range of prices.⁹²

Apparent U.S. consumption of sulfanilic acid generally decreased over the current review period, although it was higher in interim 2005 than in interim 2004. It was lower in 2002, 2003, and 2004 than in 1998 (the period of the first review) or in 1999, 2000, or 2001.⁹³ Apparent U.S. consumption irregularly increased from *** pounds in 2002 to *** pounds in 2004, but *** pounds was still lower than annual consumption levels from 1998 to 2001.⁹⁴ Apparent U.S. consumption increased in interim 2005 to *** pounds, compared with *** pounds in interim 2004.⁹⁵ Apparent U.S. consumption fluctuated during these reviews but still declined overall; it increased by *** percent from 1999 to 2000, but fell by *** percent from 2000 to 2003, before increasing by *** percent from 2003 to 2004.⁹⁶

Demand forecasts for sulfanilic acid based on questionnaire responses are mixed. Several purchasers state that demand has decreased or has remained stable.⁹⁷ *** states that demand for sulfanilic acid in the U.S. and world market has increased since 1999. To the extent demand will increase in the future, both *** and some of the importers believe that the increase will be due to increased use of sulfanilic acid in optical brighteners.⁹⁸ NFC considers the domestic sulfanilic acid industry to be mature, with no major new applications currently under consideration.⁹⁹

Supply. The U.S. market is supplied by domestically produced sulfanilic acid, and by sulfanilic acid imported from subject and nonsubject countries. Domestic producers’ share of apparent U.S. consumption fluctuated above and below *** percent of the market from 1999 to 2001, before increasing in 2002 and fluctuating above and below *** percent of the market from 2002 through the end of the review period.¹⁰⁰ Subject imports’ share of apparent U.S. consumption was approximately *** percent in

⁸⁹ 19 U.S.C. § 1675a(a)(4).

⁹⁰ CR at I-20, II-3; PR at I-16, II-2.

⁹¹ CR at I-20; PR at I-16.

⁹² CR at II-12; PR at II-8. NFC does not disagree with Commission staff’s assessment that demand for sulfanilic acid is inelastic. NFC Posthearing Brief, Responses to Questions from Commissioner Aranoff at 3.

⁹³ CR/PR at Table I-3.

⁹⁴ CR/PR at Table I-3.

⁹⁵ CR/PR at Table I-5.

⁹⁶ CR at I-26; PR at I-19.

⁹⁷ CR at II-3-4; PR at II-2-3.

⁹⁸ CR at II-4; PR at II-2.

⁹⁹ Transcript of Commission Hearing held January 26, 2006 (“Tr.”) at 73 (John Dickson, NFC).

¹⁰⁰ CR/PR at Table I-6.

1999, declining to approximately *** percent in 2000, before falling *** to low levels.¹⁰¹ The market share of nonsubject imports increased from 1999 to 2001 before decreasing and fluctuating below *** percent of the market until interim 2005.¹⁰²

During the original investigations, there were two firms producing sulfanilic acid in the United States: petitioner R-M Industries, Inc. and Hilton Davis.¹⁰³ Hilton Davis, ***, ceased production in ***. Since the time of the original investigations, R-M Industries, Inc. or its successor, NFC has been the sole producer of sulfanilic acid in the United States.¹⁰⁴

Interchangeability. In the first five-year reviews, the Commission found a reasonable degree of interchangeability between sodium sulfanilate and refined sulfanilic acid. The Commission also found that NFC was now able to produce the same range of products as the producers of the subject merchandise.¹⁰⁵ Consistent with the Commission's prior finding, the record in these reviews reflects a relatively high degree of substitutability between domestically produced sulfanilic acid and sulfanilic acid imported from China and India. There are established industry standards for this product. As previously stated, most responding market participants stated that the domestic like product and subject imports could "always" be used interchangeably. All five responding purchasers stated that whether a product was produced in the United States was not an important factor in purchasing sulfanilic acid.¹⁰⁶

Costs. Sulfanilic acid is produced from aniline and sulfuric acid. Raw material costs, especially the cost of aniline, are an important component of the total cost of sulfanilic acid. Aniline costs per pound represented approximately *** percent of total raw material costs per pound in 1999, and irregularly increased to *** percent in interim 2005.¹⁰⁷ The price of aniline per pound of sulfanilic acid increased by *** percent from 1999 to 2004, and was *** percent higher in interim 2005 as compared to interim 2004.¹⁰⁸ In interim 2005 the price of aniline was higher, (\$*** per pound), as compared with interim 2004, (\$*** per pound).¹⁰⁹ NFC argued that the price of aniline has *** which has had ***.¹¹⁰ Prices of sulfuric acid have increased by approximately three percent annually from 1999 to 2004.¹¹¹ NFC also reports that ***.¹¹² Natural gas prices were higher in interim 2005 than in any of the full years between 1999 and 2004. Electricity prices rose over the period of review as well.¹¹³

Pricing. Sulfanilic acid is generally sold through ***.¹¹⁴ Price is an important factor in purchasing decisions, especially if quality and availability concerns are also met. Purchasers reported

¹⁰¹ CR/PR at Table I-6.

¹⁰² CR/PR at Table I-6.

¹⁰³ Original China Determination at 7 & n.16 and Original India Determinations at 8 & n.17.

¹⁰⁴ CR at I-23; PR at I-18.

¹⁰⁵ First Review Determination at 11.

¹⁰⁶ CR at II-5, II-9, II-10; PR at II-3, II-6, II-7; CR/PR at Table II-4.

¹⁰⁷ CR at III-10; PR at III-4.

¹⁰⁸ CR at III-10; PR at III-4.

¹⁰⁹ CR/PR at V-1 and Figure V-1.

¹¹⁰ CR/PR at V-1.

¹¹¹ CR/PR at V-1 and Figure V-2.

¹¹² CR/PR at V-1.

¹¹³ CR/PR at Table III-6. See also CR at III-10; PR at III-4.

¹¹⁴ CR at V-4; PR at V-2-3.

that availability was the most important factor in purchasing sulfanilic acid, followed by price and quality.¹¹⁵ There are no substitutes for sulfanilic acid.¹¹⁶

C. Revocation of the Orders on Subject Imports from China and India Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Cumulated Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping and countervailing duty orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.¹¹⁷ In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.¹¹⁸

In the original China determination, the Commission found that there had been a rapid increase in subject imports, whether subject imports from China were considered separately or cumulated with other subject imports.¹¹⁹ The Commission found that “a small but significant percentage” of cumulated subject imports’ market penetration was at the expense of the domestic industry.¹²⁰ The Commission was “particularly concerned with the Chinese producers’ ability to increase production capacity and shipments to the United States in a short period of time. Respondents themselves have stated that there is little difficulty in producing refined grade sulfanilic acid and that the Chinese producers were able to do it ‘with very little technology and apparently minimal costs.’”¹²¹ Based on its analysis of the record and the statutory threat factors, the Commission found that the domestic industry was threatened with material injury by reason of LTFV imports of sulfanilic acid from China.¹²²

In the original India determinations, two Commissioners found that subject imports from India had increased their U.S. market share, and that if they continued to increase their U.S. market share at the current rate, they would negatively affect the domestic industry’s ability to resume production of refined sulfanilic acid.¹²³ The Commissioners that cumulated subject imports from Hungary and India found that the rate of increase in imports from Hungary and India had outpaced the domestic industry in terms of market penetration. Further, they found that shipments of these imports in the U.S. market greatly

¹¹⁵ CR at II-5; PR at II-3.

¹¹⁶ CR at II-4; PR at II-3.

¹¹⁷ 19 U.S.C. § 1675a(a)(2).

¹¹⁸ 19 U.S.C. § 1675a(a)(2)(A-D).

¹¹⁹ Original China Determination at 20-21 & n.88.

¹²⁰ Original China Determination at 21.

¹²¹ Original China Determination at 20.

¹²² Original China Determination at 25.

¹²³ Original India Determinations at 21-23.

outpaced domestic shipments, “whether cumulated or examined singly.”¹²⁴ Although the Commissioners’ analyses differed, based on the record before them, both sets of Commissioners found that the domestic industry was threatened with material injury.¹²⁵

In the first five-year reviews, the Commission found that subject import volume would likely be significant if the orders were revoked, based on the export orientation of producers in the subject countries, the significant increase in available capacity for exports to the United States in the original investigations, and the apparent substantial capacity of producers in the subject countries to commence significant exports to the United States upon revocation of the antidumping and countervailing duty orders.¹²⁶

With the exception of 1999 and 2000, cumulated subject import volumes in these reviews are much smaller than in the original investigations. On a cumulated basis, subject imports from China and India increased *** during the original investigations from *** pounds in 1989 to *** pounds in 1990 and to *** pounds in 1991. Cumulated subject imports fell after issuance of the orders in 1992 to 1993, but remained in the market, and surpassed pre-order volumes in 1999. Cumulated subject imports were 1.0 million pounds in 1998, 3.5 million pounds in 1999, and 2.5 million pounds in 2000.¹²⁷ However, subject imports were absent from the market in 2001 and 2002. Cumulated subject import volume remained below pre-order levels throughout 2003, 2004, and interim 2005. Cumulated subject import volume was 447,000 pounds in 2003 and 239,000 pounds in 2004. It was 200,000 pounds in interim 2004, compared with 3,000 pounds in interim 2005.¹²⁸

Cumulated subject imports’ share of apparent U.S. consumption in these reviews has remained well below the share held from 1989 to 1991. Subject imports’ share of the U.S. market increased during the original investigations from *** percent in 1989 to *** percent in 1990 and increased *** to *** percent in 1991. Market share fell after the orders were issued in 1992 and 1993, but remained significant. Subject imports’ share of the U.S. market increased from *** percent in 1998 to *** percent in 1999 before decreasing to *** percent in 2000.¹²⁹ As stated earlier, subject imports were not in the market at all from 2001 to 2002.¹³⁰ They held *** percent of the U.S. market in 2003, and *** percent in 2004. Subject imports were at very low levels in interim 2005, and the record indicates that they registered *** percent U.S. market share in that period, although they held *** percent of the market in interim 2004.¹³¹ None of the firms responding to the Commission’s importer questionnaire reported the intent to import sulfanilic acid from China or India for delivery after September 30, 2005.¹³²

In contrast, the domestic industry has dominated the U.S. market in the latter part of the current reviews. Domestic producers’ share of apparent U.S. consumption fluctuated above and below *** percent of the market from 1999 to 2001, before increasing in 2002 and fluctuating above and below ***

¹²⁴ Original India Determinations at 61-62.

¹²⁵ Original India Determinations at 23, 67.

¹²⁶ First Review Determinations at 12-13.

¹²⁷ CR/PR at Table I-3.

¹²⁸ CR/PR at Table IV-1.

¹²⁹ CR/PR at Table I-6.

¹³⁰ The sharp decline in subject imports from China in 2001 may have been due to the imposition of higher antidumping duties on Chinese producers of sulfanilic acid due to an administrative review completed by Commerce in March 2000. CR/PR at Table I-1 (2000 administrative review increasing margins for two Chinese producers from 0.29 percent to 18.65 percent). CR/PR at IV-1.

¹³¹ CR/PR at Table I-6.

¹³² CR/PR at IV-1.

percent of the market from 2002 through the end of the review period.¹³³ Nonsubject import volume was a significant factor in the market until 2001, after which time it dropped precipitously, although it has recently begun to once again increase. Nonsubject import volume was higher in 2004 than in 2002 and 2003, and higher in interim 2005 than in interim 2004.¹³⁴

Although the volume of cumulated subject imports from 2001 to interim 2005 is *** smaller than it was during the original investigations, we must nevertheless determine whether that volume is likely to be at significant levels if the restraining effect of the orders is eliminated. For the following reasons, we find that the import volume is likely to be significant if the orders were revoked.

Except for the U.S. market, China and India remain the largest suppliers of sulfanilic acid to the world market.¹³⁵ As discussed previously, production and capacity to produce sulfanilic acid in both China and India, as well as exports of sulfanilic acid from those countries, have substantially increased since the original investigations.

In 1991, reported production of sulfanilic acid in China was *** pounds, its highest level during the original investigations, and reported production capacity in China was *** pounds.¹³⁶ In that year, reported production of sulfanilic acid in India was *** pounds, its highest level during the original investigations, and production capacity in India was *** pounds.¹³⁷ Production of the two countries in 1991 in the aggregate totaled *** pounds, and production capacity totaled *** pounds.¹³⁸

In contrast, 2004 production in India by Kokan alone was *** pounds.¹³⁹ Further, Kokan reports that it accounted for only *** percent of sulfanilic acid production in India in 2004.¹⁴⁰ As stated earlier, the U.S. Embassy in Beijing has informed the Commission that there are now approximately 20 producers of sulfanilic acid in China, with aggregate annual production of approximately 50 million pounds. This production level has been typical in China for seven years.¹⁴¹ Thus, reported aggregate production of sulfanilic acid in China and India in 2004 was *** pounds, which is *** times apparent U.S. consumption in 2004 (*** pounds).¹⁴² According to Kokan, *** of the production in India is not even included in these data.¹⁴³

NFC argues that the capacity to produce sulfanilic acid in China and India is “virtually unlimited” due to the ability of Chinese producers to use the relatively simple batch process currently used to make specialty dyes and chemicals, to make sulfanilic acid. It argues that Chinese and Indian producers could easily and rapidly increase production and exports to the United States using this process.¹⁴⁴ Nothing on

¹³³ CR/PR at Table I-6.

¹³⁴ CR/PR at Table I-6.

¹³⁵ CR at IV-14-15, D-4; PR at IV-9-10, D-4; (*** stated that “[t]he major supply base for sulfanilic acid is now located in China and India”).

¹³⁶ CR/PR at Table IV-2.

¹³⁷ CR/PR at Table IV-4.

¹³⁸ CR/PR at Table IV-2 and Table IV-4.

¹³⁹ CR/PR at Table IV-4. We do not have recent production capacity data on the sulfanilic acid industry in India.

¹⁴⁰ CR at IV-13; PR at IV-7. These data imply that total sulfanilic acid production in India in 2004 was *** pounds.

¹⁴¹ CR at IV-8; PR at IV-5. We do not have recent production capacity data on the sulfanilic acid industry in China.

¹⁴² CR/PR at Table I-6.

¹⁴³ Given the lack of substantive questionnaire responses from Chinese and Indian producers, we do not have data on inventories of sulfanilic acid in those countries.

¹⁴⁴ NFC Posthearing Brief at 12. NFC Prehearing Brief at 15-16. Batch production of sulfanilic acid involves allowing mixed toxic chemicals to harden on a floor, and then breaking the resulting chemical by pickaxe. Tr. at 17

(continued...)

the record contradicts NFC's argument. Accordingly, we find that the production data supplied by Kokan and the U.S. Embassy in Beijing likely significantly understate actual production capacity in China and India.

Moreover, the sulfanilic acid industries in the cumulated subject countries are export-oriented. Subject Chinese exporters have maintained at least some U.S. market presence during the period of review.¹⁴⁵ Chinese exports are shipped to several markets, typically the European Union, Southeast Asia, Japan, and Korea.¹⁴⁶ Several large Chinese producers acknowledged to the U.S. Embassy in Beijing that a substantial amount of their shipments are for export.¹⁴⁷ As for Indian producers, Kokan has described itself as the largest exporter of sulfanilic acid from India, and has stated that it has significant exports to other markets, such as the European Union, Mexico, Japan, Brazil, and Taiwan.¹⁴⁸ Kokan notes in its response to the Commission's notice of institution that it was "structured as an Export-Oriented Unit."¹⁴⁹

Despite declines in consumption in the current reviews, the U.S. market remains a large and attractive one. Prices for sulfanilic acid are reportedly higher in the United States than in other markets.¹⁵⁰ In particular, if the orders were lifted, the United States would likely be a more attractive market than the European Union, since the record reflects that prices in Europe are lower than in the United States.¹⁵¹ The European Union is a market for both Chinese and Indian exports of sulfanilic acid.¹⁵² Higher prices in the United States than in other countries or regions, including Europe, would be an incentive for Chinese and Indian producers to either increase their exports or begin to export sulfanilic acid to the United States in significant volumes. Although Chinese producers indicated to Embassy personnel that their capacity utilization was generally high, it is likely that at least some producers and exporters would redirect exports from other markets to the U.S. market, given the generally higher prices paid for sulfanilic acid in the United States.

Furthermore, the European Union has had an antidumping duty order against imports of sulfanilic acid from China, and a countervailing duty order and an antidumping duty order against imports of sulfanilic acid from India, since 2002. The European Union initially imposed antidumping duties of 21.0 percent on imports of sulfanilic acid from China in 2002. After the duty was in place, Chinese firms

¹⁴⁴ (...continued)

(John Dickson, NFC). NFC argues that this process "requires no automation and can be produced with inexpensive equipment routinely used to produce a wide variety of chemicals." NFC Prehearing Brief at 16.

¹⁴⁵ Subject imports from China were zero in 2001, zero in 2002, 447,000 pounds in 2003, and 239,000 pounds in 2004. CR/PR at Table I-3.

¹⁴⁶ CR at IV-8; PR at IV-5.

¹⁴⁷ Baoding Mancheng Rongtai stated that it produces 2.5 million pounds of sulfanilic acid per year, and that "30 to 40" percent of it is exported to South Asian countries. Tianjin Shi reported that it produces 6.6 million pounds per year and that 70 percent of it is exported, 20 percent to the European Union and the rest to Southeast Asia. China National reported that it exported approximately 4 million pounds in 2004, mainly to the European Union, Southeast Asia, and Latin America. Quzhou Chemsyn stated that it produces 2.7 million pounds per year, and that 50 percent of this production is exported to the United States, the European Union, and other countries. Fine Chemicals reported that it exports 3.3 million pounds of sulfanilic acid to the European Union, Latin America, Japan and Taiwan per year. CR/PR at Table IV-3.

¹⁴⁸ CR at IV-13; PR at IV-7.

¹⁴⁹ Kokan Response at 3.

¹⁵⁰ CR at V-11, D-4-5; PR at V-5, D-4-5. ***.

¹⁵¹ CR at V-11; PR at V-5.

¹⁵² CR at IV-8-9, IV-13; PR at IV-7-8, IV-7.

absorbed the duty and did not increase prices to the European countries.¹⁵³ Therefore, the European Union increased the antidumping duty to 33.7 percent late in 2004.¹⁵⁴ In 2002, the European Union imposed a countervailing duty of 7.1 percent and an antidumping duty of 18.3 percent on imports of sulfanilic acid in India.¹⁵⁵ These duties in the European Union provide further incentives for increased exports of subject product to the U.S. market if the orders were lifted.

There do not appear to be significant structural constraints on subject producers' ability to reenter the U.S. market in the event of revocation, and, as described above, they have incentives to enter the market. Thus, if the orders were revoked, producers in these subject countries would have the ability and motivation to increase exports to the United States. Accordingly, we find that imports of sulfanilic acid from China and India into the United States would likely be significant in the reasonably foreseeable future if the antidumping and countervailing duty orders were revoked.

2. Likely Price Effects of the Cumulated Subject Imports

In evaluating the likely price effects of cumulated subject imports if the antidumping and countervailing duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.¹⁵⁶

In the original China determination, the Commission found that imports of sulfanilic acid from China and India undersold the domestic like product, and that there was a probability that subject merchandise would have a depressing or suppressing effect on domestic prices in the future.¹⁵⁷ In the original India determinations, two Commissioners found some evidence of underselling by subject imports from India, but did not comment further.¹⁵⁸ Two other Commissioners also found evidence of underselling by subject imports, and stated that absent the orders, imports from India would increase significantly at prices that would tend to suppress or depress domestic prices for sulfanilic acid.¹⁵⁹ All four Commissioners made affirmative threat of material injury determinations.

In the first five-year reviews, the Commission determined that revocation of the orders would likely lead to cumulated subject imports underselling the domestic like product, as they did before the orders were imposed. The Commission reasoned that because the domestic industry produces the same range of sulfanilic acid products that would be imported from China and India, and since sulfanilic acid of a particular grade is reasonably substitutable, regardless of its origin, the likely underselling would likely suppress or depress prices in the U.S. market to a significant degree.¹⁶⁰

¹⁵³ CR at IV-10; PR at IV-5.

¹⁵⁴ Id.

¹⁵⁵ CR at IV-14; PR at IV-9.

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

¹⁵⁷ Original China Determination at 21-22. As stated previously, two Commissioners cumulated subject imports from China and India, as well as from Hungary, in the original China determination.

¹⁵⁸ Original India Determinations at 22.

¹⁵⁹ Original India Determinations at 58-59, 66.

¹⁶⁰ First Review Determinations at 13.

In the current reviews, the Commission collected quarterly weighted average sales price data on three sulfanilic acid products from domestic producers and importers on sales to unrelated customers. It collected data on technical grade sulfanilic acid, refined grade sulfanilic acid, and sodium sulfanilate. Of the three products, price comparisons between the domestic like product and subject imports were available only with respect to product 2, refined grade sulfanilic acid, and product 3, sodium sulfanilate. Price comparisons were available only with respect to subject imports from China, since subject imports from India had not been in the market. Although the Commission requested data from 1999 to third quarter 2005, sales prices for subject imports from China were only available from the first quarter of 1999 until the fourth quarter of 2000.¹⁶¹

The pricing data show that imports from China undersold the domestic like product in 10 out of 11 quarters in which price comparisons were available. In five of the six quarters for which price comparisons were available on product 2, refined grade sulfanilic acid, subject imports from China undersold the domestic like product by margins ranging from 9.2 percent to 72.3 percent. In the remaining instance, the price of the domestic product was 0.8 percent higher than the price of the Chinese product.¹⁶² In each of the five quarters for which price comparisons were available on product 3, sodium sulfanilate, subject imports from China undersold the domestic like product by margins ranging from 14.1 percent to 45.2 percent.¹⁶³

As discussed above in the section on Conditions of Competition, the U.S. market for sulfanilic acid is fairly price competitive and the domestic like product, subject imports, and nonsubject imports are substitutable. Because of this, if the orders were revoked the imports would need to be priced aggressively to regain market share. The record reflects that prices in the United States are generally higher than in other markets. Importer *** indicated that the current pricing in Europe is \$*** per pound and that in the United States it is \$*** per pound. *** reported that the U.S. market price has been higher than the price in Europe by a range of 25 percent to 75 percent in the current reviews.¹⁶⁴ *** has characterized NFC's prices as noncompetitive with prices for subject imports and world prices in general.¹⁶⁵ These higher U.S. prices would create an incentive for subject imports to enter the U.S. market at low prices to regain market share. Thus, the underselling observed in the original investigations and the current reviews is likely to recur if the orders are revoked.¹⁶⁶

As already discussed in our volume analysis, we find that subject imports from China and India are likely to be significant in the reasonably foreseeable future if the antidumping duty and countervailing duty orders are revoked. At these likely volumes, the likely lower-priced subject imports from these countries would be likely to have significant depressing or suppressing effects on the prices of the domestic like product.

¹⁶¹ CR at V-5; PR at V-3; CR/PR at Table V-2 and Table V-3.

¹⁶² CR at V-11; PR at V-4-5; CR/PR at Table V-2.

¹⁶³ CR at V-11; PR at V-4-5.

¹⁶⁴ CR at V-11; PR at V-4-5.

¹⁶⁵ CR/PR at D-4-5.

¹⁶⁶ We note that NFC alleges that it cannot successfully compete against imports of sulfanilic acid from China and India in the Brazilian market due to their low prices in that market, and that a similar situation would occur "almost immediately" in the U.S. market if the orders were revoked. NFC Prehearing Brief at 18-19 and Exhibit 4. However, as the record in these reviews is not complete with regard to comparisons between the U.S. and Brazilian markets for sulfanilic acid, we do not have sufficient information to evaluate NFC's assertions in making our findings that there is likely to be significant underselling by the subject imports that would enter the United States at prices that would have a significant depressing or suppressing effect on the price of sulfanilic acid in the U.S. market.

We find it likely that significant increases in lower-priced subject imports would have price suppressing effects if the orders were revoked. NFC's prices recently increased in 2004 and interim 2005.¹⁶⁷ However, its unit cost of goods sold ("COGS") and its COGS to net sales ratio also increased from 2003 to 2004, and were higher in interim 2005 compared to interim 2004.¹⁶⁸ Therefore, any likely underselling would prevent NFC from making further cost-based price increases. We thus find that the likely significant volumes of lower-priced subject imports are likely to suppress the price increases necessary to compensate for the domestic industry's increasing costs.

We therefore find that there likely would be significant underselling by the subject imports that, when combined with increased volumes of subject imports, would likely lead to significant adverse price effects, if the orders were revoked.

3. Likely Impact of the Cumulated Subject Imports

In evaluating the likely impact of cumulated imports of subject merchandise if the antidumping orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.¹⁶⁹ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.¹⁷⁰ As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.¹⁷¹

In the original China determination, the Commission found that although there was an overall improvement in the condition of the domestic industry producing sulfanilic acid over the period of

¹⁶⁷ CR/PR at Table V-1, Table V-2 and Table V-3.

¹⁶⁸ CR/PR at Table III-6.

¹⁶⁹ 19 U.S.C. § 1675a(a)(4).

¹⁷⁰ 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

In its final expedited determination in the second review of the countervailing duty order, Commerce determined that revocation of the order would likely result in a net countervailable subsidy of 43.71 percent for Indian producers/exporters. In its final determination in the second review of the antidumping duty order from China, Commerce determined that revocation of the order would likely result in dumping margins of 19.14 percent for Sinochem Hebei, and 85.20 percent for all other Chinese producers/exporters. In its final determination in the second review of the antidumping duty order from India, Commerce determined that revocation of the order would likely result in dumping margins of 71.09 percent for all Indian producers and exporters. CR/PR at Table I-1.

¹⁷¹ The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

investigation, it was vulnerable to the effects of unfair imports.¹⁷² Operating income was insufficient to meet the needs for capital improvements, capital expenditures had declined significantly, and the domestic producer was having difficulty financing its current obligations.¹⁷³ It further found that the domestic industry was losing market share to imports.¹⁷⁴

In the original India determinations, the Commission observed that during interim 1992, the domestic producer's production, capacity utilization, employment, and operating income were lower than interim 1991 levels.¹⁷⁵ Two Commissioners found that imports from India were focusing on the U.S. market, and increasing their market share, and that if these trends continued, subject imports from India would have a negative effect on the domestic industry's ability to resume production of refined sulfanilic acid.¹⁷⁶ The other two Commissioners made similar arguments regarding the production of refined sulfanilic acid with respect to cumulated subject imports from Hungary and India. These Commissioners found this particularly compelling given that the costs of producing refined grade sulfanilic acid had increased, and that the domestic industry had already had difficulty raising capital.¹⁷⁷

In the first five-year reviews, the Commission found that the orders had a positive effect on industry performance. The domestic industry increased its market share and was able to make investments that substantially increased its capacity and improved its technology, particularly with regard to refined sulfanilic acid. The Commission did not find that the domestic industry was in a vulnerable condition. The Commission found it likely, however, that the revocation of the orders would result in a significant increase in the volume of subject imports at prices significantly lower than those of the domestic like product, which would likely result in depression or suppression of domestic prices. The Commission found that these volume and price effects would likely have a significant adverse impact on the domestic industry.¹⁷⁸

In these reviews, we conclude that the domestic industry is not currently vulnerable to injury by increased subject imports. NFC experienced *** operating margins in every year from 1999 to 2004, except for ***. Operating income as a percent of net sales increased irregularly from *** percent in 1999 to *** percent in 2004; however, it was lower, *** percent in interim 2005, compared to *** percent in interim 2004.¹⁷⁹ Capacity, production, and capacity utilization all increased from 1999 to 2004, and were higher in interim 2005 as compared with interim 2004.¹⁸⁰ Shipments, market share and sales followed similar trends.¹⁸¹ Employment indicators were generally mixed from 1999 to 2004, and higher in interim

¹⁷² Original China Determination at 11-13.

¹⁷³ Original China Determination at 11-12.

¹⁷⁴ Original China Determination at 12, 21 & n.88.

¹⁷⁵ Original India Determinations at 10-12.

¹⁷⁶ Original India Determinations at 21-23.

¹⁷⁷ Original India Determinations at 65-66.

¹⁷⁸ First Review Determinations at 15.

¹⁷⁹ CR/PR at Table III-6.

¹⁸⁰ NFC's production capacity increased from *** pounds in 1999 to *** pounds in 2004, and its capacity was higher in interim 2005 (*** pounds) than in interim 2004 (*** pounds). CR/PR at Table III-1.

NFC's production fluctuated, but increased overall from *** pounds in 1999 to *** pounds in 2004, and it was *** pounds in interim 2005 compared to *** pounds in interim 2004. CR/PR at Table III-1.

NFC's capacity utilization also fluctuated, but increased overall from *** percent in 1999 to *** percent in 2004, and it was *** percent in interim 2005 compared to *** percent in interim 2004. CR/PR at Table III-1.

¹⁸¹ NFC's U.S. commercial shipments fluctuated but increased overall from *** pounds in 1999 to *** pounds in 2004; its U.S. commercial shipments were *** pounds in interim 2005 compared to *** pounds in interim 2004. Its total shipments also increased from 1999 to 2004, and were higher in interim 2005 compared to interim 2004.

(continued...)

2005 than in interim 2004. Notably, hourly wages increased from \$*** in 1999 to \$*** in 2004, and productivity increased from *** pounds per hour in 1999 to *** pounds per hour in 2004.¹⁸² Capital expenditures generally decreased over the review period, but NFC appears to have expended capital as necessary to maintain its equipment and to ***.¹⁸³

We note that costs and the ratio of COGS to net sales were relatively stable for the annual periods examined, with the exception of a *** increase in the ratio of COGS to net sales in 2001, but increased in interim 2005, relative to interim 2004, indicating that revenues have not fully kept up with increased costs in this industry. Unit COGS fluctuated within a narrow range from 1999 to 2004, \$*** per pound, but increased overall from \$*** per pound in 1999 to \$*** per pound in 2004. In interim 2005, unit COGS was \$*** per pound compared to \$*** per pound in interim 2004.¹⁸⁴ The ratio of COGS to net sales also fluctuated but increased overall from *** percent in 1999 to *** percent in 2004; it was *** percent in interim 2005 as compared to *** percent in interim 2004.¹⁸⁵ The industry's profitability was *** lower in interim 2005 compared to interim 2004, in part due to higher costs.¹⁸⁶

We find that the industry's positive indicators could deteriorate relatively quickly if market conditions were to worsen, as they have done with respect to costs, the COGS to sales ratio, and operating margins in interim 2005. We note that demand for sulfanilic acid is inelastic. The industry is mature, with no expanding markets on the horizon.¹⁸⁷ Total demand for sulfanilic acid has generally been lower in the second half of the review period than in the first half, although it was higher in interim 2005 compared to interim 2004.¹⁸⁸ Thus, sales that are lost by NFC to subject imports are not easily regained through expanding demand from new customers or new markets.

¹⁸¹ (...continued)

CR/PR at Table III-2.

NFC's market share fluctuated but increased overall from *** percent in 1999 to *** percent in 2004; it was *** percent in interim 2005 compared to *** percent in interim 2004. CR/PR at Table I-6.

Net sales increased from \$*** in 1999 to \$*** in 2004. They were \$*** in interim 2005 compared to \$*** in interim 2004. CR/PR at Table III-6.

¹⁸² The number of production workers in the industry decreased from *** workers in 1999 to *** in 2004, it was *** in interim 2005 compared to *** in interim 2004. Hours worked also decreased overall from 1999 to 2004, but were larger in interim 2005 compared to interim 2004. Wages paid increased *** overall from 1999 to 2004. Hourly wages also increased over the period reviewed, but the number of workers and the number of hours worked declined. Productivity increased from 1999 to 2004, but was lower in interim 2005 than in interim 2004. CR/PR at Table III-5.

¹⁸³ CR at III-11; PR at III-5; CR/PR at Table III-8.

¹⁸⁴ CR/PR at Table III-6.

¹⁸⁵ CR/PR at Table III-6.

¹⁸⁶ CR at III-7-10, PR at III-3-5; CR/PR at Table III-6. We note that NFC also alleges that it is ***. NFC Posthearing Brief at 9. However, as the record in these reviews is not complete with regard to ***, we do not rely on NFC's assertion in making our determinations in these reviews.

¹⁸⁷ Tr. at 73 (John Dickson, NFC).

¹⁸⁸ CR/PR at Table I-3. Additionally, we note that NFC ***. NFC Posthearing Brief at 10. However, as the record in these reviews is not complete with regard to ***, we do not rely on NFC's assertion in making our determinations in these reviews.

Given the capital intensive nature of NFC's production methods,¹⁸⁹ which involve high fixed costs,¹⁹⁰ lower production levels would likely quickly result in lower capacity utilization, higher unit costs, and ultimately operating losses. In the event of revocation of the orders, we find that NFC would quickly experience declines in trade and financial indicators due to the likely volumes of aggressively priced subject imports that would enter the U.S. market, which would likely rapidly result in deterioration of its profitability, production, shipments, market share, and sales.¹⁹¹ The orders have restricted exports to the United States. If the orders are lifted, U.S. importers and purchasers would rapidly begin to source sulfanilic acid from China and India. Indeed, several importers have clearly indicated their intent to purchase subject imports if the orders were revoked. *** stated that if the orders were revoked, NFC would be forced to provide more competitive prices, and it would be able to expand its supplier base for sulfanilic acid resulting in lower production costs.¹⁹² *** stated that if the orders were revoked, it would likely import sulfanilic acid from China and India, at least to the extent necessary to establish a viable back-up source to NFC.¹⁹³ *** stated that it did not import sulfanilic acid due to the orders, but that it might import sulfanilic acid from China if the orders were revoked.¹⁹⁴ *** stated that "[t]he existing countervailing and antidumping duty orders prevented imports primarily due to costs and uncertainties regarding final prices," but if the orders were revoked, it would "once again request competitive quotes."¹⁹⁵

We conclude that revocation of the countervailing duty order with respect to India and the antidumping duty orders with respect to China and India would lead to significant increases in the volume of cumulated subject imports from those subject countries that would undersell the domestic like product and significantly depress or suppress U.S. prices. In addition, the volume and price effects of the cumulated subject imports would have a significant negative impact on the production, shipments, sales, market share, and revenues of the domestic industry. This reduction in the industry's production, shipments, sales, market share, and revenues would adversely impact the industry's profitability.

CONCLUSION

For the foregoing reasons, we conclude that revocation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

¹⁸⁹ CR at I-21; PR at I-17; NFC Prehearing Brief at 16, n.7.

¹⁹⁰ CR/PR at Table III-9. From 1999 to 2003, "other factory costs" generally represented the *** overall COGS. In 2004 and the interim periods, raw material costs represented the *** overall COGS. CR at III-9-10; PR at III-4.

¹⁹¹ Kokan argued that there would not be a "flood" of exports from India to the United States in the event of revocation due to its existing supply contracts. Kokan Response at 2. We note, however, that the industry is characterized by ***. Such *** would not be an impediment to redirecting exports from other markets to the United States. Kokan also argued that demand in India was "robust." Kokan Response at 3-4. Given the lack of questionnaire responses from Indian producers, we have no information on demand in India.

¹⁹² CR/PR at D-4-5.

¹⁹³ CR/PR at D-6.

¹⁹⁴ CR/PR at D-5-6.

¹⁹⁵ CR/PR at D-4-5.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On May 2, 2005, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of the countervailing duty order on sulfanilic acid from India and antidumping duty orders on sulfanilic acid from China and India would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On August 5, 2005, the Commission determined⁴ that the domestic interested party group response to its notice of institution was adequate⁵ and that the respondent interested party group response with respect to India was adequate.⁶ Accordingly, the Commission unanimously determined that it would conduct full reviews with respect to sulfanilic acid from India pursuant to section 751(c)(5) of the Act.⁷ The Commission also determined that the respondent interested party group response with respect to China was inadequate⁸ but determined to conduct a full review to promote administrative efficiency in light of its decision to conduct full reviews with respect to India.^{9 10} Selected information relating to the schedule of the current five-year reviews is presented below:¹¹

¹ 19 U.S.C. 1675(c).

² 70 FR 22698, May 2, 2005. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. 70 FR 22632, May 2, 2005.

⁴ Commissioner Marcia E. Miller did not participate in the Commission’s adequacy determinations in these reviews.

⁵ The Commission received a single response from Nation Ford Chemical Co. (“NFC”), the sole domestic producer of sulfanilic acid. Nation Ford is represented in these reviews by the law firm of Pepper Hamilton LLP. *Response of NFC*, June 21, 2005, p. 14.

⁶ The Commission received an adequate response from a producer of the subject merchandise in India, Kokan Synthetics & Chemicals Pvt., Ltd. (“Kokan”). Kokan reported in its response to the Commission’s notice of institution in these reviews that during 2004 it accounted for *** percent of total Indian production of sulfanilic acid and *** percent of total Indian production of purified sulfanilic acid. Kokan described itself as the largest exporter of sulfanilic acid from India but reported that it has not exported to the United States since approximately 1995. *Response of Kokan*, June 21, 2005, pp. 2-3. Kokan was represented in the adequacy phase of these reviews by the law firm of Garvey Schubert Barer; however, counsel for Kokan withdrew its entry of appearance by letter dated November 14, 2005. Kokan did not provide a response to the Commission’s foreign producer questionnaire in these full reviews.

⁷ 19 U.S.C. § 1675(c)(3).

⁸ The Commission did not receive any responses from Chinese respondent interested parties.

⁹ The Commission’s statement on adequacy is presented in app. A.

¹⁰ 70 FR 48588, August 18, 2005. The Commission’s notice to conduct full reviews appears in app. A.

¹¹ The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address www.usitc.gov). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site.

Effective date	Action	Federal Register citation
August 19, 1992	Commerce's antidumping duty order on sulfanilic acid from China	57 FR 37524 August 19, 1992
March 2, 1993	Commerce's antidumping and countervailing duty orders on sulfanilic acid from India	58 FR 12025, 12026 March 2, 1993
October 1, 1999	Commission's institution of the first five-year reviews	64 FR 53412 October 1, 1999
May 18, 2000	Commission's determinations in the first five-year reviews	65 FR 34232 May 26, 2000
May 2, 2005	Commission's institution of second five-year reviews	70 FR 22698 May 2, 2005
May 2, 2005	Commerce's initiation of second five-year reviews	70 FR 22632 May 2, 2005
August 5, 2005	Commission's determinations to conduct full second five-year reviews	70 FR 48588 August 18, 2005
September 7, 2005	Commerce's final results of expedited second five-year reviews	70 FR 53164, 53168 September 7, 2005
September 12, 2005	Commission's scheduling of the reviews	70 FR 55165 September 20, 2005
January 26, 2006	Commission's hearing ¹	Not applicable
April 4, 2006	Commission's vote	Not applicable
April 21, 2006	Commission's determinations transmitted to Commerce	Not applicable
¹ The calendar of the hearing is presented in app. B.		

The Original Investigations and Expedited First Five-Year Reviews

The original investigation concerning China resulted from a petition filed by R-M Industries, Inc. ("R-M"), the predecessor firm to NFC, on October 3, 1991; those concerning India resulted from a petition filed by R-M on May 8, 1992.¹² On July 6, 1992, Commerce made a final affirmative determination of sales at less than fair value ("LTFV") with respect to sulfanilic acid from China.¹³ On January 8, 1993, Commerce made a final affirmative countervailing duty determination and a final affirmative determination of sales at LTFV with respect to sulfanilic acid from India.¹⁴ The Commission completed its original investigation concerning China in August 1992, determining that an industry in the United States was threatened with material injury by reason of imports of sulfanilic acid from China that

¹² *Sulfanilic Acid from the People's Republic of China: Investigation No. 731-TA-538 (Final)*, USITC Publication 2542, August 1992, p. I-3; *Sulfanilic Acid from the Republic of Hungary and India: Investigations Nos. 701-TA-318 and 731-TA-560 and 561 (Final)*, USITC Publication 2603, February 1993, p. I-4. The petitions filed in 1992 also alleged injury by reason of imports of sulfanilic acid from Hungary that were allegedly sold at LTFV, but the Commission made a negative final determination with respect to imports from Hungary.

¹³ 57 FR 29705, July 6, 1992.

¹⁴ 58 FR 3251 and 3259, January 8, 1993.

Commerce determined to be sold at LTFV.¹⁵ Subsequently, in February 1993, the Commission found that an industry in the United States was threatened with material injury by reason of imports of sulfanilic acid from India that Commerce found to be both subsidized and sold at LTFV.¹⁶ After receipt of the Commission's respective determinations, Commerce issued a countervailing duty order on imports of sulfanilic acid from India and antidumping duty orders on imports of sulfanilic acid from China and India.¹⁷

On October 1, 1999, the Commission instituted the first five-year reviews of the antidumping duty orders¹⁸ and, on January 7, 2000, the Commission determined that it would proceed to expedited reviews.¹⁹ On February 8, 2000 and on April 6, 2000 (as amended, with respect to the countervailing duty order), Commerce found that revocation of the antidumping duty orders on sulfanilic acid from China and India and the countervailing duty order on sulfanilic acid from India would likely lead to continuation or recurrence of dumping and countervailable subsidies.²⁰ In May 2000, the Commission completed its expedited first five-year reviews of the subject orders and determined that revocation of the orders on sulfanilic acid from China and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.²¹ Subsequently, Commerce issued a continuation of the subject antidumping and countervailing duty orders.²²

Related Commission Investigations

The petitions filed by R-M Industries in 1992 concerning the subject reviews of the antidumping and countervailing duty orders on sulfanilic acid from India also alleged injury by reason of imports of sulfanilic acid from Hungary that were allegedly sold at LTFV. However, in February 1993, the Commission determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially

¹⁵ The Commission further determined that it would not have found material injury but for the suspension of liquidation of entries of the merchandise under investigation. *Sulfanilic Acid from the People's Republic of China: Investigation No. 731-TA-538 (Final)*, USITC Publication 2542, August 1992, p. 3.

¹⁶ The Commission also determined for both the Indian countervailing duty and antidumping duty investigations that it would not have found material injury but for the suspension of liquidation of entries of the merchandise under investigation. *Sulfanilic Acid from the Republic of Hungary and India: Investigations Nos. 701-TA-318 and 731-TA-560 and 561 (Final)*, USITC Publication 2603, February 1993, pp. 3-4.

¹⁷ 57 FR 37524, August 19, 1992 (China) and 58 FR 12025 and 12026, March 2, 1993 (India).

¹⁸ 64 FR 53412, October 1, 1999.

¹⁹ The Commission received three submissions in response to its notice of institution in the first five-year reviews. They were filed on behalf of NFC, the sole U.S. producer of sulfanilic acid at that time; Kokan, a producer of sulfanilic acid in India; and the Embassy of India. The Commission did not receive any responses to its notice of institution from respondent interested parties with respect to China during the first reviews. In the first five-year reviews, the Commission determined that the domestic interested party responses to its notice of institution were adequate and that the respondent interested party responses were inadequate. It found no other circumstances that would warrant conducting full reviews. *Sulfanilic Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review)*, USITC Publication 3301, May 2000, p. I-3.

²⁰ 65 FR 6156, 65 FR 6171, February 8, 2000 (as amended, 65 FR 18070, April 6, 2000).

²¹ 65 FR 34232, May 26, 2000; *Sulfanilic Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review)*, USITC Publication 3301, May 2000, p. 3.

²² 65 FR 36404, June 8, 2000.

retarded, by reason of imports from Hungary of sulfanilic acid that were found by Commerce to be sold in the United States at LTFV.²³

On September 28, 2001, NFC filed additional petitions alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized and LTFV imports of sulfanilic acid from Hungary and LTFV imports of such products from Portugal. In November 2001, the Commission made final affirmative determinations with respect to imports from Hungary of sulfanilic acid that were found by Commerce to have been subsidized by the Government of Hungary and with respect to imports of sulfanilic acid from Hungary and Portugal that were found by Commerce to have been sold in the United States at LTFV.²⁴ Commerce issued its notice of antidumping and countervailing duty orders on November 8, 2002.²⁵ The Commission is scheduled to review these orders beginning in October 2007.

Commerce's Original Determinations and Subsequent Review Determinations

Since the antidumping duty orders were imposed, Commerce has conducted seven administrative reviews with respect to imports of sulfanilic acid from China. No administrative or new shipper reviews have been conducted by Commerce with respect to imports of sulfanilic acid from India. The orders remain in effect for all manufacturers and exporters of the subject merchandise from China and India. In addition, Commerce has not conducted any changed circumstances reviews on these orders and Commerce has not issued duty absorption determinations with respect to these orders. Information on Commerce's final determinations, antidumping duty orders, and administrative and five-year review determinations is presented in table I-1.

Commerce's Final Results of Expedited Second Five-Year Reviews

On June 21, 2005, Commerce notified the Commission that it was conducting expedited reviews with respect to sulfanilic acid from China and India because it did not receive an adequate substantive response to its notice of initiation from the respondent interested parties.²⁶ It published the final results of these reviews based on the facts available on September 7, 2005.²⁷ In its final results, Commerce found that revocation of the antidumping duty orders on sulfanilic acid from China and India and revocation of the countervailing duty order on sulfanilic acid from India would likely lead to continuation or recurrence of dumping and countervailable subsidies at margins determined in its original final determinations (see table I-1).²⁸

²³ *Sulfanilic Acid from the Republic of Hungary and India: Investigations Nos. 701-TA-318 and 731-TA-560 and 561 (Final)*, USITC Publication 2603, February 1993, p. 3.

²⁴ *Sulfanilic Acid from Hungary and Portugal: Investigations Nos. 701-TA-426 and 731-TA-984 and 985 (Final)*, USITC Publication 3554, November 2002, p. 1.

²⁵ 67 FR 68100 and 68101, November 8, 2002.

²⁶ *Letter from Holly Kuga, Senior Director, AD/CVD Operations, Office IV, Import Administration, U.S. Department of Commerce*, June 21, 2005.

²⁷ 70 FR 53164 and 53168, September 7, 2005, presented in app. A.

²⁸ Commerce explained that it selected the antidumping duty margins from its original final determinations because those are the only calculated rates that reflect the behavior of producers and exporters without the discipline of the orders. *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders on Sulfanilic Acid from India and the People's Republic of China*, International Trade Administration, Department of Commerce, September 7, 2005, p. 5. Commerce also explained that since it has not conducted any administrative reviews of the countervailing duty order, it has never found that substantive changes

(continued...)

Table I-1

Sulfanilic acid: Commerce's final determinations, antidumping and countervailing duty orders, and administrative and five-year review determinations, by country

Action	Date of action	Federal Register citation	Period of review	Margins	
				Firm-specific	Country-wide
				Percent ad valorem	
China					
Final antidumping duty determination	07/06/1992	57 FR 29705	05/01/1991-10/31/1991	19.14 ¹	85.20
Antidumping duty order	08/19/1992	57 FR 37524	--	19.14 ¹	85.20
Administrative review	10/15/1996	61 FR 53702	08/01/1994-07/31/1995	60.68 ² 67.05 ³ 7.70 ¹ 0.00 ⁴ 0.00 ⁵	85.20
Administrative review	09/16/1997	62 FR 48597	08/01/1995-07/31/1996	0.00 ⁴ 0.00 ⁵	85.20
Administrative review	11/17/1998	63 FR 63834	08/01/1996-07/31/1997	0.29 ⁴ 0.29 ⁵	85.20
Final results of expedited first five-year review	02/08/2000	65 FR 6156	--	19.14 ¹	85.20
Administrative review	03/13/2000	65 FR 13366 65 FR 18300 (correction 04/07/2000)	08/01/1997-07/31/1998	18.65 ⁴ 18.65 ⁵	85.20
Continuation of order	06/08/2000	65 FR 36404 65 FR 37758 (correction 06/16/2000)	--	19.14 ¹	85.20
Administrative review	03/21/2001	66 FR 15837	08/01/1998-07/31/1999	--	85.20
Administrative review	01/15/2002	67 FR 1962	08/01/1999-07/31/2000	54.40 ⁵	85.20
Administrative review	11/22/2002	67 FR 70404	08/01/2000-07/31/2001	64.22 ⁵	85.20
Final results of expedited second five-year review	09/07/2005	70 FR 53164	--	19.14 ¹	85.20

Table continued on following page.

²⁸ (...continued)

have been made to any of the Government of India subsidy programs. *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Sulfanilic Acid from India*, International Trade Administration, Department of Commerce, September 7, 2005, p. 3.

Table I-1--Continued

Sulfanilic acid: Commerce's final determinations, antidumping and countervailing duty orders, and administrative and five-year review determinations, by country

Action	Date of action	Federal Register citation	Period of review	Margins	
				Firm specific	Country-wide
				Percent ad valorem	
India					
Final antidumping duty determination	01/08/1993	58 FR 3251	12/01/1991-05/31/1992	71.09 ⁶	71.09 ⁷
Final countervailing duty determination	01/08/1993	58 FR 3259	--	--	43.71 ⁸
Antidumping duty order	03/02/1993	58 FR 12025	--	71.09 ⁶	71.09 ⁷
Countervailing duty order	03/02/1993	58 FR 12026	--	--	43.71 ⁸
Final results of expedited first five-year reviews	02/08/2000	65 FR 6156 65 FR 6171 65 FR 18070 (corrected 04/06/2000)	--	--	71.09 (AD) ⁷ 43.71 (CVD) ⁸
Continuation of orders	06/08/2000	65 FR 36404 65 FR 37758 (corrected 06/16/2000)	--	--	71.09 (AD) ⁷ 43.71 (CVD) ⁸
Final results of expedited second five-year reviews	09/07/2005	70 FR 53164 70 FR 53168	--	--	71.09 (AD) ⁷ 43.71 (CVD) ⁸
<p>¹ China National Chemicals Import & Export Corp., Hebei Branch ("Sinochem Hebei").</p> <p>² China National Chemical Construction Corp.</p> <p>³ Hainan Garden Trading Co.</p> <p>⁴ Yude (Yude/Xinyu) Chemical Industry Co.</p> <p>⁵ Zhenxing (Zhenxing/Mancheng) Chemical Industry Co.</p> <p>⁶ Beta Naphthol (P) Ltd. ("Beta"), Kanoria Chemicals & Industries Ltd. ("Kanoria"), and Chemco International ("Chemco").</p> <p>⁷ In Commerce's final determination, it published a weighted-average dumping margin for all manufacturers/exporters in India of 114.8 percent. However, consistent with section 772(d)(1)(D) of the Act, which prohibits assessing antidumping duties on the portion of the margin attributable to an export subsidy, Commerce established, for duty deposit purposes, an estimated antidumping duty deposit rate of 71.09 percent.</p> <p>⁸ The countervailing duty rate for India was based on four programs: (1) 2.17 percent under the Preferential Export Financing Through Packing Credits program; (2) 1.69 percent under the Preferential Post-Shipment Financing program; (3) 6.13 percent under the Import Tax Deduction for Exporters program; and (4) 33.72 percent under the Import Duty Exemptions Available Through Advance Licenses program.</p> <p>Source: Cited <i>Federal Register</i> notices.</p>					

In its final results concerning the antidumping duty orders, Commerce explains that it "normally determines that revocation of an antidumping duty order is likely to lead to continuation or recurrence of dumping where (a) dumping continued at any level above *de minimis* after the issuance of the order, (b) imports of the subject merchandise ceased after the issuance of the order, or (c) dumping was eliminated after the issuance of an order and import volumes for the subject merchandise declined

significantly.”²⁹ With respect to the subject reviews, it further noted that it has conducted a number of administrative reviews concerning sulfanilic acid from China since the issuance of the order in which it found that dumping continued at levels above *de minimis*.³⁰ It also noted that the volume of U.S. imports from China and India has fluctuated since the issuance of the continuation of the orders and that “if companies continue to dump with the discipline of an order in place, it is reasonable to assume that dumping would continue if the order were removed.”³¹ In its final results concerning the countervailing duty order, Commerce found that, absent any response from the foreign government or from any other respondent interested party, countervailable programs continue to exist and be used.³²

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS TO AFFECTED DOMESTIC PRODUCERS

Qualified U.S. producers of sulfanilic acid have been eligible to receive disbursements from U.S. Customs and Border Protection (“Customs”) under the Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”), also known as the Byrd Amendment.³³ Only NFC and its predecessor firm, R-M Industries, have received such funds. Table I-2 presents CDSOA claims and disbursements for federal fiscal years 2001-05 relating to product from China and India. There have been no CDSOA disbursements relating to the antidumping and countervailing duty orders on sulfanilic acid from Hungary and Portugal.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

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

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

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

²⁹ *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders on Sulfanilic Acid from India and the People’s Republic of China*, International Trade Administration, Department of Commerce, September 7, 2005, p. 4.

³⁰ *Ibid.*

³¹ *Ibid.*

³² *Issues and Decision Memorandum for the Final Results of the Expedited Sunset Review of the Countervailing Duty Order on Sulfanilic Acid from India*, International Trade Administration, Department of Commerce, September 7, 2005, p. 3.

³³ 19 CFR 159.64(g).

Table I-2

Sulfanilic acid: CDSOA claims and disbursements, federal fiscal years 2001-05¹

Year	Order	Claimant	Share of yearly allocation	Certification amount ²	Amount disbursed
			Percent	Dollars	
2001	A-533-806 (India)	R-M Industries ³	100.00	45,332,679.19	376.78
	C-533-807 (India)	R-M Industries ³	100.00	45,332,679.19	0
	A-570-815 (China)	R-M Industries ³	100.00	45,332,679.19	299,707.25
2002	A-533-806 (India)	Nation Ford Chemical Co.	100.00	51,576,315.97	0
	C-533-807 (India)	Nation Ford Chemical Co.	100.00	51,576,315.97	0
	A-570-815 (China)	Nation Ford Chemical Co.	100.00	51,576,315.97	1,181,674.91
2003	C-533-807 (India)	Nation Ford Chemical Co.	100.00	58,682,933.00	0
2004	A-570-815 (China)	Nation Ford Chemical Co.	100.00	64,670,624.58	198,671.41
2005	C-533-807 (India)	Nation Ford Chemical Co.	100.00	74,087,083.17	0
	A-570-815 (China)	Nation Ford Chemical Co.	100.00	74,087,083.17	68,475.24

¹ The Federal fiscal year is October 1-September 30.
² Qualifying expenditures incurred by domestic producers since the issuance of an order.
³ R-M Industries is the predecessor company to Nation Ford Chemical Co.

Source: Customs' CDSOA Annual Reports 2001-05, found at http://www.cbp.gov/xp/cgov/import/add_cvd/cont_dump/.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire response of NFC, the sole domestic producer of sulfanilic acid, and U.S. import data are based on Commerce’s official import statistics. No foreign producers responded to the Commission’s questionnaires in these current reviews; therefore, foreign industry information presented in this report is based on responses to the Commission’s notice of institution, responses from the U.S. embassies in Beijing and New Delhi to Commission telegrams, and cited published sources. Responses by the U.S. producer, importers, and purchasers of sulfanilic acid to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation are presented in appendix D.

SUMMARY DATA

Table I-3 presents a summary of data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews;³⁴ figure I-1 shows U.S. imports of sulfanilic acid from China and India since 1989. From the period of the original investigations through 2000, there was a generally increasing trend in domestic consumption of sulfanilic acid. Since 2000, domestic consumption of sulfanilic acid fell to levels still well above those reported during the original investigations.³⁵ Since the period of the original investigations, there has been a marked increase in the domestic producers' share of apparent U.S. consumption of sulfanilic acid. U.S. domestic consumption increased overall by *** percent, from *** pounds in 1989 to *** pounds in 2004, while the domestic producer's share of domestic consumption increased by *** percentage points, from *** percent in 1989 to *** percent in 2004. This was accompanied by a ***-percent increase in domestic capacity, a ***-percent increase in domestic production, and an increase of *** percentage points in domestic capacity utilization from 1989 to 2004. The average unit values of the U.S. producer's shipments and imports both declined overall during the period from 1989 to 2004. The average unit value of the U.S. producer's U.S. shipments fell by *** percent, from \$*** per pound in 1989 to \$*** per pound in 2004, while the average unit value of U.S. imports fell by *** percent, from \$*** per pound in 1989 to \$0.67 per pound in 2004.

THE SUBJECT PRODUCT

Scope

The imported product subject to the antidumping and countervailing duty orders under review, as defined by Commerce in its continuation orders, is

all grades of sulfanilic acid from the PRC and India, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid (sodium sulfanilate). The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry free flowing powders. Technical sulfanilic acid contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline, and 0.25 percent maximum alkali insoluble materials. Sodium salt of sulfanilic acid (sodium sulfanilate) is a granular or crystalline material containing 75 percent minimum sulfanilic acid, 0.5 percent

³⁴ The Commission's questionnaires in these current five-year reviews requested data for the following time periods: 1999, 2000, 2001, 2002, 2003, 2004, January-September 2004, and January-September 2005. Unless otherwise noted, all references to the "review period" in this report are for this period of time for which data were collected.

³⁵ Concerning the trend in the domestic consumption of sulfanilic acid, NFC explains that "while there is some increase in demand in the optical brightener segment of the U.S. market, domestic sulfanilic acid demand has not risen as other segments of the market have declined." *Prehearing brief* of NFC, January 17, 2006, p. 1.

Table I-3

Sulfanilic acid: Summary data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews, 1989-91, January-September 1991, January-September 1992, 1998, 1999-2004, January-September 2004, and January-September 2005

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs, and unit financial data are *per pound*)

Item	1989	1990	1991	Jan.-Sept.		1998	1999	2000	2001	2002	2003	2004	Jan.-Sept.	
				1991	1992								2004	2005
U.S. consumption quantity: Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importer's share: China ¹	***	***	***	***	***	***	***	***	0.0	0.0	***	***	***	***
India ¹	***	(²)	***	***	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other countries ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value: Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importer's share: China ¹	***	***	***	***	***	***	***	***	0.0	0.0	***	***	***	***
India ¹	***	(²)	***	***	***	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other countries ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from-- China: Quantity	***	***	***	***	***	1,048	3,498	2,475	0	0	447	239	200	3
Value	***	***	***	***	***	531	1,638	1,116	0	0	207	111	87	3
Unit value	***	***	***	***	***	\$0.51	0.47	0.45	(³)	(³)	0.46	0.46	0.43	0.86

Table continued on following page.

Table I-3--Continued

Sulfanilic acid: Summary data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews, 1989-91, January-September 1991, January-September 1992, 1998, 1999-2004, January-September 2004, and January-September 2005

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs, and unit financial data are *per pound*)

Item	1989	1990	1991	Jan.-Sept.		1998	1999	2000	2001	2002	2003	2004	Jan.-Sept.		
				1991	1992								2004	2005	
U.S. imports from-- India:															
Quantity	***	***	***	***	***	0	0	0	0	0	0	0	0	0	0
Value	***	***	***	***	***	0	0	0	0	0	0	0	0	0	0
Unit value	***	***	***	***	***	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)	(³)
All other countries: ⁴															
Quantity	***5	***	***	***	***	1,972	722	2,296	3,977	795	633	843	449	1,147	
Value	***5	***	***	***	***	1,221	350	1,460	2,266	440	378	611	228	924	
Unit value	***5	***	***	***	***	\$0.62	0.49	0.64	0.57	0.55	0.60	0.73	0.51	0.81	
All countries:															
Quantity	***	***	***	***	***	3,020	4,221	4,771	3,977	795	1,079	1,082	648	1,150	
Value	***	***	***	***	***	1,752	1,988	2,576	2,266	440	585	722	315	927	
Unit value	***	***	***	***	***	\$0.58	0.47	0.54	0.57	0.55	0.54	0.67	0.49	0.81	
U.S. producers'-- Capacity quantity ⁶	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity ⁶	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization ⁶	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-3--Continued

Sulfanilic acid: Summary data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews, 1989-91, January-September 1991, January-September 1992, 1998, 1999-2004, January-September 2004, and January-September 2005

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs, and unit financial data are *per pound*)

Item	1989	1990	1991	Jan.-Sept.		1998	1999	2000	2001	2002	2003	2004	Jan.-Sept.	
				1991	1992								2004	2005
U.S. producers-- Ending inventory quantity	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Inventories/total shipments ¹	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Hours worked (1,000 hours)	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Wages paid (1,000 dollars)	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Productivity (1,000 pounds per hour)	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Net sales: Quantity	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Cost of goods sold ("COGS")	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	(¹)	***	***	***	***	***	***	***	***

Table continued on following page.

Table I-3--Continued

Sulfanilic acid: Summary data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews, 1989-91, January-September 1991, January-September 1992, 1998, 1999-2004, January-September 2004, and January-September 2005

(Quantity=1,000 pounds; value=1,000 dollars; unit values, unit labor costs, and unit financial data are *per pound*)

Item	1989	1990	1991	Jan.-Sept.		1998	1999	2000	2001	2002	2003	2004	Jan.-Sept.	
				1991	1992								2004	2005
				COGS/sales ¹	***								***	***
Operating income or (loss)/sales ¹	***	***	***	***	***	(⁷)	***	***	***	***	***	***	***	***

¹ In percent.
² ***
³ Not applicable.
⁴ Nonsubject countries from which there were reported U.S. imports during the review period were France, Germany, Hungary, Italy, Japan, Korea, Poland, Portugal, Switzerland, Taiwan, and the United Kingdom.
⁵ Nonsubject imports are believed to be understated for 1989.
⁶ NFC reported in its questionnaire response in these current five-year reviews that its production capacity "****."
⁷ Not available.

Source: *Staff Report*, February 3, 1993 (INV-P-016), tables 1, 2, 3, 4, 5, 7, 8, 14, and 16 for 1989, 1990, 1991, January-September 1991, and January-September 1992; *Staff Report*, April 17, 2000 (INV-X-079), tables I-1, I-2, and I-3, for 1998. Data for 1999-2004, January-September 2004, and January-September 2005 were compiled in response to Commission questionnaires and from official Commerce statistics.

Figure I-1
Sulfanilic acid: U.S. imports from China, India, and all other countries, 1989-2004

* * * * *

maximum aniline, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content.³⁶

U.S. Tariff Treatment

The subject product is currently classified under Harmonized Tariff Schedule of the United States (“HTS”) subheading 2921.42.22.³⁷ The specific HTS subheading is an *eo nomine* provision covering sulfanilic acid and its salts (thereby, including sodium sulfanilate). Goods entering the United States under HTS subheading 2921.42.22 are currently dutiable at a column 1-general rate of 6.5 percent *ad valorem*, applicable to both China and India. The HTS subheading is provided for convenience and for Customs purposes, but Commerce’s written description of the merchandise is dispositive as to the scope of the product coverage.³⁸

Physical Characteristics³⁹

Sulfanilic acid (not including sodium sulfanilate) is produced in two grades, namely, technical (or crude) sulfanilic acid and refined (or pure) sulfanilic acid. Technical grade sulfanilic acid is 96 percent pure and refined sulfanilic acid is 98 percent pure. In contrast, sodium sulfanilate (the monosodium salt of sulfanilic acid) is produced and sold only as one grade. Sodium sulfanilate, which is 99 percent pure, contains 75 percent minimum equivalent sulfanilic acid.⁴⁰ In solid form, the technical and refined grades

³⁶ 70 FR 53168, September 7, 2005. Commerce’s scope in its original antidumping and countervailing duty orders also states that “Sulfanilic acid is a synthetic organic chemical produced from the direct sulfonation of aniline with sulfuric acid. Sulfanilic acid is used as a raw material in the production of optical brighteners, food colors, specialty dyes, and concrete additives.” 57 FR 37524, August 19, 1992; 58 FR 3259, January 8, 1993; and 58 FR 12025, March 2, 1993. Commerce conducted a scope ruling regarding 3V Corp. and determined that sodium sulfanilate processed in Italy from sulfanilic acid produced in India was within the scope of the antidumping duty order on sulfanilic acid from India. 65 FR 41957, July 7, 2000.

³⁷ Beginning in 1989, all forms of sulfanilic acid and its monosodium salt were classified in subheading 2921.42.50, a residual (basket) provision for derivatives of anilines and their salts. On May 1, 1991, pursuant to Presidential Proclamation 6282 (to modify duty-free treatment under the Generalized System of Preferences (“GSP”)), metanilic acid and sulfanilic acid were provided for under HTS subheading 2921.42.24. Sodium sulfanilate was provided for under HTS subheading 2921.42.75, with other aniline derivatives and their salts. Sulfanilic acid was not provided for separately until January 12, 1993, when the current HTS subheading was established. (See Proclamation 6544 of April 13, 1993, annex II.)

³⁸ 70 FR 53164 and 53168, September 7, 2005.

³⁹ The discussion in this section is from the following Commission reports: *Sulfanilic Acid from Hungary and Portugal: Investigations Nos. 701-TA-426 and 731-TA-984 and 985 (Final)*, USITC Publication 3554, November 2002, p. I-4; *Sulfanilic Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review)*, USITC Publication 3301, May 2000, p. I-6.

⁴⁰ Refined and technical sulfanilic acid are assigned CAS registry number 121-57-3, while sodium sulfanilate is assigned CAS number 515-74-2. CAS registry numbers are unique numerical identifiers assigned by the Chemical Abstracts Service, a division of the American Chemical Society, to chemical compounds, polymers, biological

(continued...)

of sulfanilic acid and sodium sulfanilate are all gray-white to white crystalline powders.⁴¹ All grades of sulfanilic acid were subject to the original investigations and subsequent reviews. The term “sulfanilic acid” as used in this report refers to all grades, including technical and refined sulfanilic acid and sodium sulfanilate.

Uses⁴²

Sulfanilic acid is used to produce optical brightening agents, food colorants and other synthetic organic dyes, and certain concrete additives. The form of sulfanilic acid used by the end user, however, depends on both the product being produced and the production process. In most cases, optical brighteners and food colors are produced with pure product (either refined sulfanilic acid or sodium sulfanilate). Optical brighteners, particularly paper brighteners, constitute the largest single end use for refined sulfanilic acid and sodium sulfanilate.⁴³ Technical grade sulfanilic acid is used principally as a raw material for refined sulfanilic acid and sodium sulfanilate, as well as in the production of certain specialty synthetic organic dyes and special concretes.⁴⁴

⁴⁰ (...continued)

sequences, mixtures, and alloys described in its literature.

⁴¹ Technical and refined acids are always sold as solids; although some sodium sulfanilate is shipped in the solid form, much is shipped by the domestic producer to its customers as a 30-percent salt solution.

⁴² The discussion in this section is from questionnaire responses in these current five-year reviews and the following Commission reports: *Sulfanilic Acid from Hungary and Portugal: Investigations Nos. 701-TA-426 and 731-TA-984 and 985 (Final)*, USITC Publication 3554, November 2002, p. I-4; *Sulfanilic Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review)*, USITC Publication 3301, May 2000, p. I-6. Firms responding to the Commission’s producer and importer questionnaires in these current five-year reviews indicated that there have been no changes in the end uses of sulfanilic acid since 1999 and that they do not anticipate any changes in the end uses of sulfanilic acid in the future. NFC indicated in its response to the Commission’s notice of institution in these current five-year reviews that “{t}here have been no significant changes in the demand for sulfanilic acid since implementation of the countervailing duty and antidumping duty orders on sulfanilic acid from China and India. The main applications for sulfanilic acid remain the same” *Response of NFC*, June 21, 2005, p. 16.

⁴³ Optical brighteners (also known as fluorescent brightening or whitening agents) are a class of synthetic organic chemical dyes that absorb ultraviolet light and also violet light (within the visible spectrum) and re-emit that light as visible light in the blue region of the spectrum. This effect allows materials treated with optical brighteners to emit more light in the visible spectrum than is present in the general environment, and therefore appear to be brighter. The additional blue light emitted masks the natural yellows in fabrics or papers that would otherwise cause the materials to appear somewhat dingy. This masking also contributes to an increased brightness for the material, enhancing the other existing colors. In addition to their applications in papers and textiles, optical brighteners may be used in plastics and paints, and as detergent additives.

⁴⁴ Crude or technical grade sulfanilic acid is used to produce a chemical which, when added to specialty concretes, reduces the amount of water required. This lighter material is used in the construction of high-rise structures. Although the refined sulfanilic acid could be used in this application, cost factors favor use of the technical grade.

Manufacturing Process⁴⁵

The process technology for sulfanilic acid has changed since it was first produced in the early 1900s, largely due to improvements in process efficiencies that resulted in a higher overall yield from the reaction or a higher product purity. NFC indicated that its manufacturing process is ***.⁴⁶

Sulfanilic acid is made by reacting two basic chemicals, aniline with sulfuric acid. Aniline and sulfuric acid are mixed in a closed reactor to form an intermediate product, aniline hydrogen sulfate. The intermediate product is then heated or “baked” to form crude or technical grade sulfanilic acid, which the domestic producer either sells in this state or uses to produce sodium sulfanilate or refined acid. NFC produces sodium sulfanilate by the addition of sodium hydroxide to a water solution of the technical grade acid. It produces refined sulfanilic acid by dissolving the technical grade acid in hot water and then recrystallizing, filtering, and drying.⁴⁷ Process improvements in domestic facilities, such as a new refined acid operation in the mid-1990s and the purchase and relocation of a previously used continuous reactor system to produce technical acid in the late 1990s, have proven to be very efficient and cost-effective for NFC.

NFC produces and sells technical grade sulfanilic acid, refined sulfanilic acid, and sodium sulfanilate in both powder and solution form. Technical grade sulfanilic acid is packaged and sold or used as an input to produce refined sulfanilic acid and sodium sulfanilate. ***, ***⁴⁸ during a ***, ***.

Channels of Distribution

According to questionnaire responses received during these current five-year reviews, only the domestic producer of sulfanilic acid and one importer of refined sulfanilic acid and sodium sulfanilate from China sell the product directly to domestic users. All other importers of sulfanilic acid reported that they consumed the imported and/or domestically produced product in the manufacture of optical brightening agents, food colorants, and concrete additive mixtures. There were no U.S. imports of sulfanilic acid from India during the period examined.

DOMESTIC LIKE PRODUCT ISSUES

In its original determinations and its expedited first five-year reviews, the Commission found the appropriate domestic like product to be all sulfanilic acid, regardless of form or grade, and it defined the domestic industry as all domestic producers of sulfanilic acid.⁴⁹ In response to a question soliciting

⁴⁵ The discussion in this section is from questionnaire responses in these current five-year reviews and the following Commission reports, unless otherwise noted: *Sulfanilic Acid from Hungary and Portugal: Investigations Nos. 701-TA-426 and 731-TA-984 and 985 (Final)*, USITC Publication 3554, November 2002, p. I-4; *Sulfanilic Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review)*, USITC Publication 3301, May 2000, pp. I-6 through I-9. NFC confirmed that its manufacturing process ***. E-mail from ***, December 1, 2005.

⁴⁶ E-mail from ***, December 1, 2005; and *prehearing brief* of NFC, January 17, 2006, pp. 15-16.

⁴⁷ Refined sulfanilic acid can also be produced by re-acidification of a sodium sulfanilate solution, although this additional step results in a wastewater stream that is difficult to treat and NFC discontinued this method in the early 1990s.

⁴⁸ ***. E-mail from ***, December 1, 2005.

⁴⁹ *Sulfanilic Acid from the People's Republic of China: Investigation No. 731-TA-538 (Final)*, USITC Publication 2542, August 1992, pp. 5-7; *Sulfanilic Acid from the Republic of Hungary and India: Investigations Nos. 701-TA-318 and 731-TA-560 and 561 (Final)*, USITC Publication 2603, February 1993, pp. 6-8; and *Sulfanilic* (continued...)

comments regarding the appropriate domestic like product in the Commission's notice of institution of these reviews, NFC indicated that it supports the Commission's definitions of the domestic like product and domestic industry.⁵⁰ Kokan did not indicate its position on the definitions in its response to the Commission's institution notice in these second five-year reviews.

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations in 1991, there were two firms producing sulfanilic acid in the United States, petitioner R-M and Hilton Davis Co. ("Hilton Davis"), a producer of technical grade sulfanilic acid mainly for internal consumption. R-M accounted for *** percent of the sulfanilic acid manufactured in the United States during 1991 and Hilton Davis accounted for the remaining *** percent. In ***, however, Hilton Davis ceased domestic production of sulfanilic acid⁵¹ and, since that time, NFC has been the sole producer of sulfanilic acid in the United States.⁵²

NFC is a privately owned corporation located on 19 acres in Fort Mill, SC.⁵³ The company was founded in 1977 and began its first production of sulfanilic acid in 1984 with its acquisition of American Cyanamid's production equipment. By 1994, NFC had tripled its original capacity to produce sulfanilic acid. In September 1998, NFC acquired the technical grade sulfanilic acid business of Zeneca Ltd., a UK firm that made technical acid in France. That plant was moved from France to the United States and commenced production in March 1999. The new plant, using a continuous reactor, became fully operational in 2000 and, according to NFC, produces a "superior quality of technical acid that has made conversion to the salt and refined acid more cost efficient."⁵⁴ NFC's product is sold worldwide through offices in the United States, Europe, and Japan.⁵⁵ *** and that there are no related parties as defined in section 771(4)(B) of the Act (19 U.S.C. § 1677(4)(B)).⁵⁶

U.S. Importers

Importers' questionnaires were sent to 13 firms identified as importers by NFC in its response to the Commission's notice of institution in these current five-year reviews and/or in proprietary Customs

⁴⁹ (...continued)

Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review), USITC Publication 3301, May 2000, pp. 4-5. The Commission made the same domestic like product determination in the 2002 antidumping and countervailing duty investigations concerning sulfanilic acid from Hungary and Portugal. *Sulfanilic Acid from Hungary and Portugal: Investigations Nos. 701-TA-426 and 731-TA-984 and 985 (Final)*, USITC Publication 3554, November 2002, p. 7.

⁵⁰ NFC reiterated its position on the definitions of domestic like product and domestic industry in its prehearing brief during the full reviews. *Prehearing brief* of NFC, January 17, 2006, p. 4.

⁵¹ *Staff Report*, February 3, 1993 (INV-P-016), pp. I-30 and I-33.

⁵² NFC provided a complete response to the Commission's producer questionnaire in these current five-year reviews.

⁵³ See <http://www.nationfordchem.com/About/sheet-temp.asp>, retrieved November 30, 2005.

⁵⁴ *Sulfanilic Acid from Hungary and Portugal: Investigations Nos. 701-TA-426 and 731-TA-984 and 985 (Final)*, USITC Publication 3554, November 2002, p. III-1.

⁵⁵ See <http://www.nationfordchem.com/About/sheet-temp.asp>, retrieved November 30, 2005.

⁵⁶ *Response* of NFC, June 21, 2005, p. 14.

data. The firms were identified as importers of sulfanilic acid from China and from other countries besides India, as there were no reported imports from that country since 1994, according to official U.S. import statistics. Of the 13 firms in receipt of the Commission's importer questionnaire, three firms indicated that they did not import sulfanilic acid, four firms failed to respond to the Commission's questionnaire,⁵⁷ and six firms (***) provided data in response to the Commission's questionnaire.

Table I-4 presents data on responding importers, their locations, and shares of total U.S. imports of sulfanilic acid from all sources. During 1999 and 2000, *** and *** were the largest responding importers of sulfanilic acid. *** imported refined sulfanilic acid and sodium sulfanilate from China during 1999 and 2000 and resold the product to end users in the United States ***. *** imported refined sulfanilic acid from China during 1999 and 2000 and ***. During 2001 and 2002, the bulk of reported U.S. imports of sulfanilic acid was made by ***. *** imported refined sulfanilic acid produced in *** and imported refined sulfanilic acid from ***. These imports were used by ***. From 2003 to September 2005, the bulk of reported U.S. imports of sulfanilic acid was reported by ***. *** imported sodium sulfanilate, pure sulfanilic acid, and technical grade sulfanilic acid from ***. The firm uses its imports of sulfanilic acid in the production of ***.

Table I-4
Sulfanilic acid: Reporting U.S. importers, their locations, and their shares of official U.S. import statistics, 1999-2004 and January-September 2005

* * * * *

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-5 presents apparent U.S. consumption for the review period and table I-6 presents U.S. market shares for the same period. The quantity of U.S. sulfanilic acid consumption increased by *** percent from 1999 to 2000, but fell by *** percent from 2000 to 2003, before increasing by *** percent from 2003 to 2004. The quantity of U.S. consumption during January-September 2005 was *** pounds compared with *** pounds during January-September 2004.⁵⁸ The U.S. producer's share of the quantity of consumption remained at approximately *** percent from 1999 to 2001 but increased to approximately *** percent from 2002 through 2004. The U.S. producer held *** share of domestic consumption during January-September 2005.

⁵⁷ The four firms that failed to respond to the Commission's importer questionnaire are ***. According to proprietary Customs data, *** together accounted for *** imports of sulfanilic acid from China during 2004, *** accounted for *** percent of imports of sulfanilic acid from nonsubject countries during 2005, and *** accounted for *** percent of imports of sulfanilic acid from nonsubject countries during 2001. *** imported sulfanilic acid from *** and *** imported sulfanilic acid from ***. Customs data show no imports of sulfanilic acid by these four firms during other time periods.

⁵⁸ As indicated earlier, NFC stated that the overall demand for sulfanilic acid in the United States during the review period fell because end-user segments of the U.S. market (other than optical brighteners) declined. *Prehearing brief* of NFC, January 17, 2006, p. 1.

Table I-5

Sulfanilic acid: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1999-2004, January-September 2004, and January-September 2005

Item	1999	2000	2001	2002	2003	2004	Jan.-Sept.	
							2004	2005
Quantity (1,000 pounds)								
U.S. producer's U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from--								
China	3,498	2,475	0	0	447	239	200	3
India	0	0	0	0	0	0	0	0
Subtotal	3,498	2,475	0	0	447	239	200	3
Other sources	722	2,296	3,977	795	633	843	449	1,147
Total imports	4,221	4,771	3,977	795	1,079	1,082	648	1,150
Apparent consumption	***	***	***	***	***	***	***	***
Value (\$1,000)								
U.S. producer's U.S. shipments	***	***	***	***	***	***	***	***
U.S. imports from-- ¹								
China	1,638	1,116	0	0	207	111	87	3
India	0	0	0	0	0	0	0	0
Subtotal	1,638	1,116	0	0	207	111	87	3
Other sources	350	1,460	2,266	440	378	611	228	924
Total imports	1,988	2,576	2,266	440	585	722	315	927
Apparent consumption	***	***	***	***	***	***	***	***
¹ Landed duty-paid.								
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.								

Table I-6

Sulfanilic acid: U.S. market shares, 1999-2004, January-September 2004, and January-September 2005

* * * * *

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

U.S. MARKET SEGMENTS

Sulfanilic acid is used as a raw material in the production of optical brighteners, food colors, and concrete additives. The majority of domestically produced sulfanilic acid is used by U.S. producers of optical brighteners (20 percent), food colors (20 percent), and concrete additives (20 percent). Sulfanilic acid accounted for up to 20 percent of the total cost of the end-use products.

Producers and importers were requested to provide information on the broad general market areas served by their sulfanilic acid and specific market areas served by their firm. ***. Of the five importers that responded to the questionnaire, four reported that they are end users. *** reported that it sells sulfanilic acid in the Southeast and the Midwest of the United States. Questionnaires were sent to 12 purchasers. Six firms (***) provided usable responses. Of the six responding purchasers, five purchasers reported buying the U.S. product and no purchasers reported buying nonsubject country product in 2004. Three of the six purchasers reported they purchased the Chinese or Indian products in 1999 and 2000. When asked if buying the U.S. product was an important factor, five purchasers reported no.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes that the U.S. sulfanilic acid producer is likely to respond to changes in demand with moderate changes in shipments of U.S.-produced sulfanilic acid to the U.S. market. Factors contributing to the moderate degree responsiveness of supply are discussed below.

Industry capacity and inventory levels

The U.S. producer's reported capacity to manufacture sulfanilic acid rose by *** percent (from *** to *** pounds) between 1999 and 2004; capacity was ***. NFC reported that it "****." *** production increased by *** percent between 1999 and 2004; production was ***. Reported capacity utilization for domestic sulfanilic acid increased from *** to *** percent between 1999 and 2004. Capacity utilization was *** percent in January-September 2004 and *** percent in January-September 2005. This level of capacity utilization indicates that the U.S. producer of sulfanilic acid may be somewhat limited in its ability to use excess capacity to increase production of sulfanilic acid in the event of a price change. ***.

Alternative markets

The value of the domestic producer's exports rose from \$*** in 1999 to \$*** in 2004. The quantity exported accounted for *** percent of its total shipments of domestic sulfanilic acid in 2004. Data for the interim periods indicate that exports of sulfanilic acid were *** pounds in January-September 2004 and *** pounds in January-September 2005. *** indicates that the domestic producer has the ability to shift shipments between the U.S. and other markets in response to price changes. NFC reported that its sulfanilic acid exports are subjected to tariff and non-tariff barriers: a 6.5 percent tariff rate in the European Union, 12 percent in Brazil, 6.5 percent in China, and 31.3 percent in India.

Inventory levels

Moderate inventories, relative to total shipments, indicate that the U.S. producer is likely to be able to respond to changes in demand with moderate changes in the quantity shipped. The U.S. producer's inventories, as a share of its total shipments, ranged between *** percent (in ***) and *** percent (in ***) during 1999 to 2004; data for interim periods indicate that inventories accounted for *** percent of its total shipments in January-September 2004 and *** percent in January-September 2005.

Production alternatives

. When asked if the firm anticipated any changes in the character of its operations or organization related to the production of sulfanilic acid in the future if the countervailing duty and antidumping duty orders on sulfanilic acid from China and India were to be revoked, NFC responded “.” ***.

Subject Imports

Capacity, export, and inventory data for Chinese and Indian producers are not available; therefore, no analysis of supply and demand considerations for sulfanilic acid from the subject countries is presented.

U.S. Demand

Based on available information, sulfanilic acid consumers are likely to respond to changes in the price of sulfanilic acid with relatively small changes in their purchases of sulfanilic acid. The main contributing factors to the low responsiveness of demand are the low cost share of sulfanilic acid when used in the production of detergents and in food and paper dyes and the lack of commercially viable substitute products.

Demand Characteristics

U.S. demand for sulfanilic acid depends on the level of demand for downstream products using sulfanilic acid. When asked if demand had changed since 1999, of the six responding purchasers, two purchasers reported that demand had decreased; two reported that demand was unchanged; and two reported that they did not know about any demand changes. Only one purchaser reported reasons for changes in demand. This firm stated that the move of “the NAFTA textile businesses,” which are end users of sulfanilic acid, has negatively affected the demand for sulfanilic acid. Of the six responding purchasers, four reported that they expect demand for sulfanilic acid to fluctuate in the future based on the textile and paper markets.

Two of the five responding importers reported that demand had not changed since 1999; one importer reported that demand decreased; and two importers stated that demand increased. Only one importer, ***, provided comments on demand changes; this firm noted that “{i}n 2005, the market for white paper has increased demand for optical brightener in the USA.” Three responding importers reported that they do not expect any change in demand in the future, while two importers reported that demand in the future is likely to continue increasing with the white paper market, which is showing a positive trend in 2005. *** reported that since supply-side constrictions are caused by the antidumping duty orders on sulfanilic acid, demand is most likely to increase in the future.

*** reported that demand both in and outside of the United States had increased since 1999. *** reported that the reasons for increased demand were a moderate increase in the use of sulfanilic acid for

paper brighteners in the United States and a moderate increase in paper brighteners and food colors internationally. *** also reported that it expects future demand changes because “paper producers are increasing their usage of optical brighteners.”

Substitute Products

The U.S. producer and all reporting importers and purchasers stated that there are no substitutes for sulfanilic acid and they do not anticipate any change in terms of the substitutability of other products for sulfanilic acid.

Sulfanilic acid is an intermediate product used in the production of detergents and in food and paper dyes. Price changes for sulfanilic acid will likely have only a small effect on consumption because sulfanilic acid accounts for a relatively small percentage of the total cost of the end products in which it is used.

Producers, importers, and purchasers were asked to estimate the relative cost share in the various end uses of sulfanilic acid. Only one importer responded to the question and it reported that sulfanilic acid accounted for *** and *** percent of the total cost of yellow dye #5 and yellow dye #6, respectively. Purchasers were also asked to provide information on the cost share of sulfanilic acid relative to the end products in which it is used. Six purchasers provided such information and the cost shares ranged from 7 to 17 percent.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported sulfanilic acid depends upon such factors as relative prices, quality (e.g., grade standards, defect rates, etc.) and conditions of sale (e.g., lead times between order and delivery, availability of product, product services, etc.). Based on available data, staff believes that there is a relatively high degree of substitutability between domestically produced sulfanilic acid and sulfanilic acid imported from China and India.

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase sulfanilic acid (table II-1). Three of the five responding purchasers reported that availability was the most important factor. The most commonly cited second-most-important factors were price and quality; price was also the most commonly cited third-most-important factor, according to two firms. Other factors reported by one firm were reliability and payment terms.

**Table II-1
Sulfanilic acid: Most important factors in selecting a supplier, as reported by purchasers**

Factor	First	Second	Third
Quality	1	2	-
Price	1	2	2
Availability	3	1	1
Reliability	-	-	1
Payment terms	-	-	1

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

Purchasers were asked what factors determined the quality of sulfanilic acid. Factors mentioned included purity, color, and meeting industry standards.

Purchasers were also asked if they always, usually, sometimes, or never purchased the lowest priced sulfanilic acid; two reported never, two reported usually, and one reported sometimes. Three purchasers provided reasons why they purchased from a source that might be more expensive. Reasons provided included: “currently there is only one domestic supplier” and “no comparable prices are available because of the impact of the antidumping and countervailing duty orders.”

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-2). All five responding purchasers rated availability as very important; five reported that product consistency and reliability of supply were very important; and four reported that quality meets industry standards was very important.

Purchasers were asked for a country-by-country comparison on the same 15 factors (table II-3). For the U.S. product compared to the Chinese product, one responding purchaser reported that the U.S. product was superior to the Chinese product in delivery terms, delivery time, and lower transportation costs. The Chinese product was reported to be superior to the U.S. product with regard to discounts offered, lower price, and reliability of supply. For the U.S. product compared to the Indian product, no purchasers provided comparisons.

Purchasers were asked if certain grades, types, or sizes of sulfanilic acid were available from a single source. Four of the five responding purchasers reported that they were not, while one purchaser, ***, reported that refined grades were only available from NFC.

Purchasers were asked if they required certification or prequalification for sulfanilic acid. Three of the four responding purchasers reported that they required certification/prequalification. Among other qualifications, *** reported that “approval for raw material supplier involves obtaining a Technical Data Sheet, Quality Specification, and quotation and sample with Certificate of Analysis.” *** reported that the company requires a new supplier to provide “sample and Certificates of Analysis.”

Four purchasers reported factors they considered in qualifying a new supplier. Factors considered included the “quality of material and chemical specification, reliability of supplier and production capacity, packaging options available, minimum order quantities, lead-time and delivery issues, commercial terms, and price are all considered.” The time required to qualify a new supplier was reported by four purchasers and ranged from one to six months.

Purchasers were asked if any suppliers had failed to qualify their product or lost their approved status. All four responding firms reported that suppliers had never failed to qualify.

Purchasers were asked a number of questions about whether their purchasing patterns for sulfanilic acid from subject and nonsubject sources had changed since 1999. Two of the six responding purchasers reported that they had purchased sulfanilic acid from China before 1999; two reported that they reduced or stopped purchasing from China as a result of the antidumping duty order. With regard to imports from India, one of the six responding purchasers reported that they had purchased sulfanilic acid from India before 1999, but stopped purchasing from India as a result of the antidumping and countervailing duty orders.

When asked about purchases from nonsubject countries, three purchasers reported that they did not purchase from nonsubject countries before or after the orders; one purchaser reported that its purchases from nonsubject countries were essentially unchanged; one increased its purchases from nonsubject countries because of the antidumping duty orders; and one increased its purchases from nonsubject countries for a reason other than the antidumping and countervailing duty orders, which was that a supplier closed a factory and exited the United States market.

Table II-2
Sulfanilic acid: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Availability	5	-	-
Delivery terms	2	2	1
Delivery time	2	3	1
Discounts offered	2	1	2
Extension of credit	1	1	3
Price	3	2	-
Minimum quantity requirements	-	4	-
Packaging	1	3	1
Product consistency	5	-	-
Quality meets industry standards	4	-	1
Quality exceeds industry standards	1	2	2
Product range	1	1	3
Reliability of supply	5	-	-
Technical support/service	1	1	3
U.S. transportation costs	2	2	1

Note.--Not all purchasers responded for each factor.

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

Table II-3

Sulfanilic acid: Comparisons of product by source country, as reported by purchasers

Factor	U.S. vs China ¹		
	S	C	I
	<i>Number of firms responding</i>		
Availability	-	1	-
Delivery terms	1	1	-
Delivery time	2	-	-
Discounts offered	-	1	1
Extension of credit	-	2	-
Lower price ²	-	1	1
Minimum quantity requirements	-	2	-
Packaging	-	2	-
Product consistency	-	2	-
Quality meets industry standards	-	2	-
Quality exceeds industry standards	-	2	-
Product range	-	2	-
Reliability of supply	-	1	1
Technical support/service	-	2	-
Lower U.S. transportation costs ³	1	1	-

¹ In addition, one purchaser's comparison between the U.S. and Italian products indicated that sulfanilic acid from the two countries is comparable in all factors except in extension of credit and lower price, which the purchaser reported as inferior for the U.S. products.

² A rating of "I" on lower price indicates that the price of the U.S. product is higher than that of the Chinese product.

³ A rating of "S" on lower U.S. transportation costs indicates that the transportation cost for the U.S. product is lower than that of the Chinese product.

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. All companies gave responses for all factors.

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

Purchasers were asked how frequently they and their customers purchased sulfanilic acid from specific producers and from specific countries. The following tabulation summarizes the responses.

	<u>Always</u>	<u>Usually</u>	<u>Sometimes</u>	<u>Never</u>
Purchaser makes decision based on producer	1	-	-	4
Purchaser's customer makes decision based on producer ..	-	-	-	3
Purchaser makes decision based on country	-	-	-	5
Purchaser's customer makes decision based on country	-	-	-	-

Based on the available information presented above, purchasers, and to a lesser extent their customers, almost never make purchasing decisions based on the producer of sulfanilic acid or by the country of origin. The one purchaser that reported that it always make decisions based on the producer, also noted that quality, reliability, and price are also relevant. Purchasers were also asked whether buying a product that is produced in the United States is an important factor in their purchases of sulfanilic acid: the five responding purchasers all answered “no.”

One of the three responding purchasers reported that it contacts three suppliers before making a purchase, and the other two firms reported that they contact only one supplier. Two purchasers reported that they do not change suppliers because they reported there is only one supplier available and “due to the dumping order other suppliers are unable to compete.”

Lead Times

Lead times for the U.S. producer ranged from *** to *** days regardless of whether sales were from inventory or produced to order. ***. No importers reported lead time information.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers, importers, and purchasers were asked to report the degree of interchangeability between sulfanilic acid from the United States, the subject countries, and nonsubject countries (table II-4). NFC reported that domestic and nonsubject imports were *** interchangeable with nonsubject imports. While importers and purchasers generally reported that domestic and nonsubject imports were always or frequently interchangeable with nonsubject imports, there were some firms that reported that they have no familiarity with products from a specified country pair.

Producers and importers were asked to assess how often differences other than price were significant in sales of sulfanilic acid from the United States, subject countries, or nonsubject countries. Questionnaire data indicate that NFC believes that differences other than price between sulfanilic acid produced in the United States and in other countries, including subject countries, were *** factor in its sales of sulfanilic acid. Importers did not provide information on whether differences other than price were significant in sales of sulfanilic acid.

ELASTICITY ESTIMATES

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

Table II-4

Sulfanilic acid: U.S. purchasers' perceived degree of interchangeability of products produced in the United States and other countries¹

Country comparison	U.S. producers					U.S. importers					U.S. purchasers				
	A	F	S	N	0	A	F	S	N	0	A	F	S	N	0
U.S. vs. China	***	***	***	***	***	2	1	-	-	2	2	1	-	-	1
U.S. vs. India	***	***	***	***	***	2	1	-	-	2	2	-	-	-	1
China vs. India	***	***	***	***	***	2	-	-	-	2	2	-	-	-	1
U.S. vs. nonsubject	***	***	***	***	***	2	1	-	-	1	3	1	-	-	-
China vs. nonsubject	***	***	***	***	***	2	-	-	-	2	2	-	-	-	1
India vs. nonsubject	***	***	***	***	***	2	-	-	-	2	2	-	-	-	1

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

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

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

U.S. Supply Elasticity¹

The domestic supply elasticity for sulfanilic acid measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of sulfanilic acid. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced sulfanilic acid. Earlier analysis of these factors indicates that the U.S. industry has a moderate ability to increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 5 is suggested.

U.S. Demand Elasticity

The U.S. demand elasticity for sulfanilic acid measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of sulfanilic acid. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of sulfanilic acid in the production of any downstream products. Based on the available information, the aggregate demand for sulfanilic acid is likely to be in a range of 0.5 to 0.75.² Purchasers would not likely be very sensitive to changes in the price of sulfanilic acid and would continue to demand fairly constant quantities over a considerably wide range of prices.

¹ A supply function is not defined in the case of a non-competitive market.

² NFC reported that it does not dispute the staff's assessment of inelasticity. NFC posthearing brief, exh. 3, p. 3.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.³ Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information, the elasticity of substitution between domestic and subject sulfanilic acid is likely to be relatively high and in the range of 4 to 6.⁴

³ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

⁴ NFC notes that “the staff concluded in its prehearing report and the record continues to support that there is a relatively high degree of substitutability between domestically produced sulfanilic acid and sulfanilic acid imported from China and India.” NFC posthearing brief, exh. 6, p. 2.

PART III: U.S. PRODUCER'S OPERATIONS

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

Table III-1 presents NFC's capacity, production, and capacity utilization from 1999 to 2004, and for January-September 2004 and January-September 2005. As previously indicated, NFC reported that ***. ***. In response to a question concerning constraints that set the limits on production capacity, NFC stated, "****."

Table III-1

Sulfanilic acid: NFC's production capacity, production, and capacity utilization, 1999-2004, January-September 2004, and January-September 2005

* * * * *

During the review period, NFC reported steady increases in the capacity to produce sulfanilic acid. NFC explained ***.¹ NFC's sulfanilic acid production and capacity utilization fluctuated from 1999 to 2001, but steadily increased from 2001 to 2004. Capacity utilization was higher in January-September 2005 at *** percent compared with *** percent in January-September 2004.²

During the review period, U.S. consumption of sulfanilic acid was *** NFC's capacity to produce.³ Concerning constraints on capacity, NFC reported that its "****."⁴ NFC reported that *** but that ***. In response to a question requesting information concerning plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strike or equipment failures, curtailment of production because of shortages of materials, or any other changes in the character of its operations or organization since 1992 or expected in the future, ***. In response to a question concerning the significance of the Clean Water Act on domestic operations, NFC indicated that "****."⁵ Although the firm advertises on its company website that it "provides toll manufacturing of organic intermediates, dyes, pigments, and ag active ingredients for customers worldwide," it indicated in its questionnaire response in these current five-year reviews that ***.

¹ NFC stated that its reported production capacity is based on operating *** hours per week, *** weeks per year. *Producer questionnaire response* of NFC, November 8, 2005, question II-8a.

² NFC noted in its posthearing brief that although it currently enjoys a relatively high level of capacity utilization, any decline in capacity utilization as a result of lost sales volumes would cause "tremendous financial pain." It added that it "needs to maintain high sales volumes given its capital structure and per-unit costs." However, the U.S. producer also indicated that it expects a decline in its capacity utilization with the recent news that ***. Because of this recent market development, NFC argued that it is "more vulnerable now to revocation of the orders." *Posthearing brief* of NFC, February 6, 2006, pp. 9-10.

³ As indicated earlier, NFC noted in its prehearing brief that the demand for sulfanilic acid in the United States fell during the review period as end-use market segments (other than optical brighteners) have declined. *Prehearing brief* of NFC, January 17, 2006, p. 1.

⁴ *Producer questionnaire response* of NFC, November 8, 2005, question II-6.

⁵ *Ibid.*, question II-17.

U.S. PRODUCER'S DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

NFC's shipments are shown in table III-2. The quantity of NFC's U.S. commercial shipments fluctuated throughout the review period, while the unit value of U.S. commercial shipments fell between 1999 and 2002, before rising in 2003 and 2004. NFC indicated that ***.

NFC markets the sulfanilic acid it produces worldwide through company sales offices in the United States, Europe, and Japan.⁶ It indicated that its principal markets outside the United States include ***.⁷ The quantity, value, and unit value of NFC's export shipments of sulfanilic acid generally increased throughout the period reviewed. The quantity of NFC's export shipments increased from *** pounds in 1999 to *** pounds in 2004. NFC's exports were *** pounds during January-September 2005 compared with *** pounds in January-September 2004. Likewise, the unit value of NFC's export shipments increased by \$*** per pound from 1999 to 2004.

Table III-2

Sulfanilic acid: NFC's shipments, by types, 1999-2004, January-September 2004, and January-September 2005

* * * * *

U.S. PRODUCER'S INVENTORIES

Table III-3 presents NFC's inventories. End-of-period inventories reported by NFC fluctuated throughout the review period from a low of *** pounds as of *** to a high of *** pounds as of ***. The ratio of NFC's inventories to production and total shipments increased from approximately *** percent in 1999 to approximately *** percent in 2000, but subsequently fell to levels below those reported for 1999.

Table III-3

Sulfanilic acid: NFC's end-of-period inventories, 1999-2004, January-September 2004, and January-September 2005

* * * * *

U.S. PRODUCER'S IMPORTS

***. *** table III-4. ***.

Table III-4

Sulfanilic acid: *, 1999-2004, January-September 2004, and January-September 2005**

* * * * *

⁶ See <http://www.nationfordchem.comn/About/sheet-temp.asp>, retrieved on November 30, 2005.

⁷ In its prehearing brief, NFC noted that it "has worked hard to achieve some success in its exports to other markets." It added that exports of sulfanilic acid to India are subject to a substantial tariff barrier of 31.3 percent and that "the opportunity to sell into China is nonexistent given the large scale domestic sulfanilic acid production and overcapacity in China." *Prehearing brief* of NFC, January 17, 2006, p. 15.

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

Employment data reported by NFC are presented in table III-5. The number of production and related workers employed by NFC declined by *** employees during 2003 and 2004 from earlier years; however, both hourly wages and productivity generally increased throughout the review period. Unit labor costs fluctuated downward during the period.

Table III-5

Sulfanilic acid: NFC's average number of production and related workers, hours worked, wages paid to such workers, hourly wages, productivity, and unit labor costs, 1999-2004, January-September 2004, and January-September 2005

* * * * *

FINANCIAL EXPERIENCE OF THE U.S. PRODUCER

Background

The three forms of sulfanilic acid produced and sold by NFC (technical sulfanilic acid, refined sulfanilic acid, and sodium sulfanilate), combined, are reflected in the profit-and-loss information presented in this section of the report. The relative importance of each type of sulfanilic acid sold by NFC changed somewhat during the period examined. Although its relative importance declined, sodium sulfanilate represented more than *** percent of sulfanilic acid sales during the first three years of the period examined, then declined from *** to *** percent of NFC's sulfanilic acid sales during 2002-04. From 1999 through 2001, the shares of technical sulfanilic acid and refined sulfanilic acid generally increased and declined, respectively. However, from 2002 through 2004 and during the first nine months of 2005, data indicate that refined sulfanilic acid increased its relative significance while the shares of technical sulfanilic acid and sodium sulfanilate generally declined. From 1999 through 2001, refined sulfanilic acid represented less than *** percent of overall sulfanilic acid sales, whereas from 2002 through 2004 refined sulfanilic acid sales represented *** to *** percent of such sales.^{8 9}

NFC's financial data were reported on the basis of a calendar year. NFC reported no toll production, internal consumption, or transfers to related firms.

Operations on Sulfanilic Acid

Income-and-loss data for NFC on its operations on sulfanilic acid are presented in table III-6.¹⁰ The domestic producer reported operating profits during most periods for which data were collected. NFC's reported operating income increased irregularly from 1999 to 2004, and remained essentially unchanged between the interim periods. The quantity of net sales of sulfanilic acid increased irregularly from 1999 to 2004 and also increased between the interim periods, while net sales value per pound

⁸ E-mail from ***, December 2, 2005.

⁹ Due to the variability of NFC's product mix during the period examined, a variance analysis is not presented in this report.

¹⁰ Staff reviewed the financial data provided in NFC's posthearing brief and did not find anything materially inconsistent between the data for NFC's sulfanilic acid operations as reported to the Commission and the financial data for NFC's overall operations.

Table III-6
Sulfanilic acid: Results of operations, 1999-2004, January-September 2004, and January-September 2005

* * * * *

declined between 1999 and 2003, then returned to 1999 unit value levels in 2004 and further increased between the interim periods. The cost of goods sold (“COGS”) per pound increased *** and irregularly from 1999 to 2004, and showed a *** increase between the interim periods. From 1999 to 2003, other factory costs generally represented *** overall COGS; however, in 2004 and the interim periods raw material costs represented *** overall COGS. Changes in COGS per pound and net sales value per pound resulted in decreased gross profit and operating income per pound from 1999 to 2001, and increased gross and operating income per pound from 2002 to 2004. Selling, general, and administrative (“SG&A”) expenses per pound were relatively stable during the review period; however, the *** increase between the interim periods contributed to a *** reduction in operating profits in January-September 2005 as compared to January-September 2004.

Aniline costs per pound represented approximately *** percent of total raw material costs per pound in 1999, and irregularly increased to *** percent in interim 2005. Per-unit aniline costs rose *** percent from 1999 to 2004 and rose *** percent between the interim periods. Electricity and gas/fuel oil costs represented *** and *** percent, respectively, of total other factory costs in 1999, and irregularly rose to *** and *** percent, respectively, in interim 2005. Per-unit electricity and gas/fuel oil costs rose *** and *** percent, respectively, from 1999 to 2004 and *** and *** percent, respectively, between the interim periods.

Table III-7 contains NFC’s quantity and value data on its purchases of aniline used in the production of sulfanilic acid for 1999-2004, January-September 2004, and January-September 2005. While numerically different from the absolute and per-unit raw material cost data in table III-6, there are nonetheless similarities. Both data sets indicate generally rising unit costs, particularly in the latter part of the review period.

Table III-7
Sulfanilic acid: NFC’s purchases of aniline, 1999-2004, January-September 2004, and January-September 2005

* * * * *

Capital Expenditures and Research and Development Expenses

NFC’s data on capital expenditures and research and development (“R&D”) expenses are shown in table III-8. Capital expenditures generally declined from 1999 to 2004, but increased between the interim periods. R&D expenses declined from 1999 to 2001, and *** for the remainder of the review period. According to NFC, ***. ***. R&D expenses reflect ***.¹¹

Table III-8
Sulfanilic acid: Capital expenditures and research and development expenses, 1999-2004, January-September 2004, and January-September 2005

* * * * *

¹¹ E-mail from ***, December 2, 2005.

Assets and Return on Investment

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of sulfanilic acid to compute return on investment ("ROI"). Although ROI can be computed in many different ways, a commonly used method is income divided by total assets. Therefore, ROI is calculated as operating income divided by total assets used in the production, warehousing, and sale of sulfanilic acid.

Data on NFC's assets and its ROI are presented in table III-9. The total assets utilized in the production, warehousing, and sale of sulfanilic acid decreased irregularly from \$*** in 1999 to \$*** in 2004. The ROI improved irregularly from *** percent in 1999 to *** percent in 2004. The trend of ROI was similar to the trend of the operating income margin during the reporting period.

Table III-9
Sulfanilic acid: Value of assets and return on investment, 1999-2004

* * * * * * *

PART IV: U.S. IMPORTS AND THE INDUSTRIES IN CHINA AND INDIA

U.S. IMPORTS

Imports of sulfanilic acid into the United States from all sources based on official import statistics are presented in table IV-1. Official statistics are presented in this report because they are believed to be the most accurate measure of imports of sulfanilic acid, as the level of importer coverage from Commission questionnaires varied widely from period to period and was relatively low during several periods examined during these current five-year reviews (see table I-4). There were no imports of sulfanilic acid from India during the period of review. Imports of sulfanilic acid from China accounted for 82.9 percent of total U.S. imports of sulfanilic acid during 1999 and 51.9 percent during 2000. Official import statistics show that there were no imports of sulfanilic acid from China during 2001 and 2002.¹ Imports from China accounted for 41.4 percent of total U.S. imports in 2003, 22.1 percent in 2004, 30.8 percent in January-September 2004, and 0.3 percent in January-September 2005. According to official statistics, nonsubject countries from which there were reported U.S. imports during the review period were France, Germany, Hungary, Italy, Japan, Korea, Poland, Portugal, Switzerland, Taiwan, and the United Kingdom. During 2004 and January-September 2005, France and Italy accounted for almost all nonsubject imports of sulfanilic acid into the United States. None of the firms responding to the Commission's importer questionnaire reported the importation of sulfanilic acid from China or India for delivery after September 30, 2005.

U.S. IMPORTERS' INVENTORIES

Importers that responded to the Commission's questionnaire in these current five-year reviews reported that they did not hold inventories of the imported sulfanilic acid during the review period. Most of these importing firms indicated that they used the product they imported in the manufacture of optical brightening agents, food colorants, and concrete additive mixtures.

CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission generally has considered the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographical markets; (3) common channels of distribution; and (4) simultaneous presence in the market.

In its original final determination concerning China in August 1992, the Commission cumulated imports from India and Hungary with imports from China. Regarding the degree of fungibility, the Commission concluded that there was "a sufficient degree of fungibility among the different forms of sulfanilic acid to warrant cumulation. Regarding the extent to which refined grade sulfanilic acid and sodium sulfanilate are interchangeable, we recognize that most purchasers of sulfanilic acid have indicated a current preference for one form over the other. Nonetheless, purchasers can, and have,

¹ The absence of the Chinese material in the U.S. market during 2001 and 2002 may be partially explained by the imposition of higher antidumping duties on Chinese producers of sulfanilic acid, pursuant to an administrative review completed by Commerce in March 2000. *Sulfanilic Acid from Hungary and Portugal: Investigation Nos. 701-TA-426 and 731-TA-984-985 (Final)*, USITC Publication 3554, November 2002, p. 11. In addition, NFC noted in its posthearing brief that the Chinese product was displaced in the United States during 2001 and 2002 by the unfairly traded imports from Hungary and Portugal that "began to flood the U.S. market in the second half of 2000, reaching a peak in 2001." *Posthearing brief of NFC*, February 6, 2006, exh. 1, p. 7.

Table IV-1

Sulfanilic acid: U.S. imports, by sources, 1999-2004, January-September 2004, and January-September 2005

Item	1999	2000	2001	2002	2003	2004	Jan.-Sept.	
							2004	2005
Quantity (1,000 pounds)								
U.S. imports from-- China	3,498	2,475	0	0	447	239	200	3
India	0	0	0	0	0	0	0	0
Subtotal	3,498	2,475	0	0	447	239	200	3
Other sources	722	2,296	3,977	795	633	843	449	1,147
Total imports	4,221	4,771	3,977	795	1,079	1,082	648	1,150
Value (\$1,000)¹								
U.S. imports from-- China	1,638	1,116	0	0	207	111	87	3
India	0	0	0	0	0	0	0	0
Subtotal	1,638	1,116	0	0	207	111	87	3
Other sources	350	1,460	2,266	440	378	611	228	924
Total imports	1,988	2,576	2,266	440	585	722	315	927
Unit value (dollars per pound)								
U.S. imports from-- China	0.47	0.45	(²)	(²)	0.46	0.46	0.43	0.86
India	(²)	(²)	(²)	(²)	(²)	(²)	(²)	(²)
Subtotal	0.47	0.45	(²)	(²)	0.46	0.46	0.43	0.86
Other sources	0.49	0.64	0.57	0.55	0.60	0.73	0.51	0.81
Average, all imports	0.47	0.54	0.57	0.55	0.54	0.67	0.49	0.81
Share of quantity (percent)								
U.S. imports from-- China	82.9	51.9	0.0	0.0	41.4	22.1	30.8	0.3
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	82.9	51.9	0.0	0.0	41.4	22.1	30.8	0.3
Other sources	17.1	48.1	100.0	100.0	58.6	77.9	69.2	99.7
Total imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ratio of imports to U.S. production quantity (percent)								
U.S. imports from-- China	***	***	***	***	***	***	***	(³)
India	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	(³)
Other sources	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***
¹ Landed, duty-paid. ² Not applicable. ³ ***.								
Source: Compiled from official Commerce statistics and from data submitted in response to Commission questionnaires.								

switched between the two forms.”² The subject imports and the domestic products also were determined to have been sold through common or similar channels of distribution in the same geographic markets and to have been available simultaneously in the U.S. market during the latter portion of the period examined during the original investigations.³ Further, although it noted that the volume and market share of imports from India were small during the period examined in the original investigations, the Commission did not invoke the pre-URAA negligible imports exception of cumulation for India.⁴ In its original investigations concerning Hungary and India in February 1993, the Commission made a final determination on India based on threat of material injury. For purposes of its affirmative threat analysis with respect to India, the Commission exercised its discretion not to cumulate subject imports from China, which were then subject to an antidumping order, with subject imports from India.⁵

In the expedited first five-year reviews of the subject orders, the Commission cumulated subject imports from China and India, finding that “there would likely be a reasonable overlap of competition between the subject imports from China and India and the domestic like product as well as between the subject imports from the two countries, if the antidumping and countervailing duty orders covering sulfanilic acid from these countries were revoked.” In exercising its discretion to cumulate, the Commission also took into account other significant conditions of competition, that is, “the substantial capacity in each of the subject countries and the export orientation of those foreign industries.”⁶

In these current reviews, NFC pointed out that there continues to be a reasonable degree of fungibility between the subject imports produced in China and India, and between the subject imports and the domestic like product. The firm also contended that the subject imports and domestic like product would be simultaneously present in the market and would travel through the same channels of distribution “as India would rush in with imports and China would increase its imports were the orders lifted.”⁷ NFC points out that the “very high” antidumping and countervailing duty rates on imports of sulfanilic acid from China and India are “the only reason that Indian imports are not in the U.S. market and that Chinese imports have been relatively insignificant during the latter part of the review period.”⁸ NFC stressed that “India never left the U.S. market; rather, imports from India have continued to be offered for sale, albeit without success since the antidumping and countervailing duties make them uncompetitive.”⁹ Regarding geographic markets, NFC stated, “Sulfanilic acid is sold nationwide to a relatively small number of end-users. Were the orders revoked, imports from China and India would be directed to the same customers in the United States, most of whom currently purchase from NFC.”¹⁰ Lastly, NFC argued that the facts concerning the similar conditions of competition continue to be present but added that there are two current conditions of competition that were not present during the first five-year reviews that show an increased vulnerability of the U.S. sulfanilic acid industry. NFC noted specifically the substantial capacity and export orientation of the foreign producers in China and India, as was present during the first five-year reviews. NFC added that the “onslaught of unfairly-traded imports from Hungary and Portugal”

² *Sulfanilic Acid from the People’s Republic of China: Investigation No. 731-TA-538 (Final)*, USITC Publication 2542, August 1992, p. 15.

³ *Ibid.*, p. 16.

⁴ *Ibid.*, pp. 16-19.

⁵ *Sulfanilic Acid from the Republic of Hungary and India: Investigations Nos. 701-TA-318 and 731-TA-560 and 561 (Final)*, USITC Publication 2603, February 1993, pp. 29, 54, and 55.

⁶ *Sulfanilic Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review)*, USITC Publication 3301, May 2000, pp. 7-8.

⁷ *Response* of NFC, June 21, 2005, pp. 19-20; hearing transcript (Gregory Dorris), p. 8.

⁸ *Posthearing brief* of NFC, February 6, 2006, pp. 4-5.

⁹ *Ibid.*, and hearing transcript (John Dickson), pp. 67-68.

¹⁰ *Posthearing brief* of NFC, February 6, 2006, p. 4, and hearing transcript (Gregory Dorris), p. 8.

and “a recent run-up in aniline and energy costs” have increased the vulnerability of the U.S. industry since the Commission conducted the first five-year reviews of the orders.¹¹

THE INDUSTRY IN CHINA

During the Commission’s original investigation concerning China, a Chinese exporter of sulfanilic acid, China National Chemical Import & Export Corp., Hebei Branch (“Sinochem Hebei”), provided information to the Commission on the sulfanilic acid manufacturing operations of the following *** Chinese plants: ***.¹² Sinochem Hebei accounted for approximately *** percent of total Chinese exports of sulfanilic acid at the time of the original investigation. The data submitted by Sinochem Hebei during the original investigation are presented in table IV-2. China’s reported capacity to produce refined sulfanilic acid increased by *** percent between 1989 and 1990 and by *** percent between 1990 and 1991. The capacity increases were attributed to the ***.¹³ Production also increased from *** pounds of refined sulfanilic acid in 1989 to *** pounds in 1991. Capacity utilization fluctuated as ***. There were minimal sales of refined sulfanilic acid to the home market ***. China’s exports of refined sulfanilic acid increased steadily until they fell during the interim 1992 period; most exports were to the United States. The Commission stated in its views in the original investigations that “{w}e are particularly concerned with the Chinese producers’ ability to increase production capacity and shipments to the United States in a short period of time. Respondents themselves have stated that there is little difficulty in producing refined grade sulfanilic acid and that the Chinese producers were able to do it ‘with very little technology and apparently minimal costs.’”¹⁴

Table IV-2
Sulfanilic acid: Quantity data reported by firms in China, 1989-91, January-March 1991, and January-March 1992

* * * * *

During its first review of the orders, the Commission reported that there were minimal data available for the Chinese sulfanilic acid industry but noted that the number of Chinese subject manufacturers appeared to have increased since 1992.¹⁵

In its response to the Commission’s notice of institution in these current five-year reviews, NFC identified 20 producers of sulfanilic acid in China. The Commission sent foreign producer questionnaires to all 20 firms in China named by NFC in its response, via an overnight delivery service. The delivery service was unable to deliver foreign producer questionnaires to six of the companies in China, indicating that the companies were no longer at the addresses listed and that the local directories contained no current telephone listings for the firms.¹⁶ Only one firm in China responded to the Commission’s request for information; *** responded that it has not produced or exported sulfanilic acid at any time since

¹¹ *Response of NFC*, June 21, 2005, pp. 19-20; *prehearing brief of NFC*, January 17, 2006, pp. 4-5 and 8; and hearing transcript (Gregory Dorris), p. 8.

¹² ***. *Staff Report*, April 17, 2000 (INV-X-079), p. I-26.

¹³ ***.

¹⁴ *Sulfanilic Acid from the People’s Republic of China: Investigation No. 731-TA-538 (Final)*, USITC Publication 2542, August 1992, p. 20.

¹⁵ *Sulfanilic Acid from China and India: Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Review)*, USITC Publication 3301, May 2000, p. I-20.

¹⁶ The six firms the delivery service was unable to locate are ***.

January 1, 1999. Thirteen recipients of the Commission's foreign producer questionnaire in China failed to provide a response.

Commission staff also transmitted a telegram soliciting data concerning the sulfanilic acid industry in China from U.S. embassy staff in Beijing. In response to the Commission's telegram, embassy staff directly contacted each company in China for which a telephone number could be found. Company-specific information obtained through such telephone interviews, as provided in the public response of the U.S. embassy in Beijing to the Commission's telegram, is set forth in table IV-3.

In its response to the Commission, the U.S. embassy in Beijing confirmed that there are approximately 20 producers of sulfanilic acid in China, most of whom are located in Hebei province. Annual production of sulfanilic acid in China, currently estimated by embassy personnel at approximately 50 million pounds, is described by Chinese producers as having been "stable during the past seven years without significant increases or decreases." Chinese producers indicated to embassy personnel that they produce sulfanilic acid to order and do not maintain finished inventories of the product. Capacity utilization in China was also described as "quite high for most producers." Regarding exports, embassy personnel found that only a "small amount" of sulfanilic acid produced in China is exported. Such exports are not directly exported by the Chinese manufacturer, but are typically sold to an exporting company for export. Typical destinations for these exports include the European Union ("EU"), Southeast Asia, Japan, and Korea, with only "small quantities" exported to the United States. The U.S. embassy in Beijing reported that "many producers and exporters of sulfanilic acid indicate that they gave up the U.S. market because of high anti-dumping tariff rates."

NFC noted that the report of the U.S. embassy in Beijing provides support to its contention that although China has experienced moderate growth in demand for sulfanilic acid, it continues to expand its capacity to produce sulfanilic acid and remains primarily export-oriented. It also noted that the Chinese annual production figure provided by the U.S. embassy is *** higher than the amount produced in the last year of the original investigations. Further, NFC stated that there are numerous producers with excess capacity to produce sulfanilic acid in China and that the capacity in China is "virtually unlimited in that each can expand their production of sulfanilic acid using the batch process equipment now used to make specialty dyes and chemicals."¹⁷

On July 22, 2002, the EU imposed antidumping duties of 21.0 percent on imports of sulfanilic acid from China. After the antidumping order was issued, Chinese firms simply absorbed the 21.0 percent duty and did not increase prices to the EU countries. In response, the EU increased the dumping duty to 33.7 percent, effective December 2, 2004.¹⁸

THE INDUSTRY IN INDIA

During the original investigations concerning India, the Commission identified three producers of sulfanilic acid in India (Jeevan Products, Kokan, and Perfect Pharmacists). ***. The U.S. consulate in Bombay also obtained the names of five additional firms that produced only technical grade sulfanilic

¹⁷ *Response of NFC*, June 21, 2005, pp. 13, 16, and 18; *posthearing brief of NFC*, February 6, 2006, pp. 6 and 11-12; and *prehearing brief of NFC*, January 17, 2006, pp. 13 and 16.

¹⁸ *Official Journal of the European Communities*, Council Regulation (EC) No. 1339/2002, July 22, 2002 (as amended by Council Regulation (EC) No 236/2004, February 10, 2004).

Table IV-3

Sulfanilic acid: Chinese company responses to inquiry by U.S. embassy in Beijing

Company	Annual production	Shipments
Beijing Beihua Fine Chemical Products Co. (currently known as Huateng Chemical Co., Ltd.)	"several hundred pounds"	"sold only in China"
Guangzhou Chemical Reagent Factory	"very small production"	"does not export to the U.S."
No. 3 Reagent Plant of Shanghai Chemical Reagent General (currently known as Shanghai SSS Reagent Co., Ltd.)	"440 pounds/year and only as a small package reagent"	"does not export"
Tianjin Yunsheng Chemical Reagent Science & Technology Co., Ltd.	"very small production (less than 220 pounds/year)"	"only has domestic sales"
Wuji Hongsheng Chemical Co., Ltd. (established in 2004)	"8 million pounds/year"	"does not export to the U.S."
Shanghai Yancui Import and Export Corp.	No response.	"production is solely intended for Taiwan"
Tianjin Kermel Chemical Reagent Development Center	"less than 220 pounds/year, most of which serves as reagents for experiments"	No response.
Shijiazhuang Winning Chemical Co., Ltd.	"it is engaged in production and exporting"	"it is engaged in production and exporting"
Baoding Mancheng Rongtai Dyestuffs Chemical Co., Ltd.	"2.5 million pounds/year"	"30 to 40 percent of {production} is exported to South Asian countries"
Baoding Mancheng Gold Star Chemical Industry Co., Ltd.	"9 million pounds/year"	"all of {production} is sold domestically"
Tianjin Shi Yueguo Chemical Co., Ltd.	"6.6 million pounds/year"	"70 percent of {production} is exported (20 percent to the E.U. and the rest to Southeast Asia)"
Shanghai Haohua Chemical Co., Ltd.	"5,000 pounds/year"	"only sells domestically"
China National Chemical Construction Corp.	No response.	"exported approximately 4 million pounds in 2004, mainly to the E.U., Southeast Asia, and Latin America. The company does not export to the U.S."
Quzhou Chemsyn Pharm. Co., Ltd.	"2.7 million pounds/year"	"20 percent of which is used by Juhua Group, 30 percent is sold domestically, and 50 percent of which is exported to the United States, the E.U., and other countries"
Zhejiang Wulong Chemical Industrial Stock Co., Ltd.	"400,000 pounds/year"	"does not export. It utilizes 70 percent of its production."
Shanxi Qingshan Chemical Industry Co., Ltd.	"small production"	"mainly for its own use"
Fine Chemicals Department, Sinochem Hebei Import & Export Corp.	No response.	"exports 3.3 million pounds of sulfanilic acid to the E.U., Latin America, Japan and Taiwan per year. It does not export to the U.S. due to the antidumping duty."

Note.—In its response to the Commission, the U.S. embassy in Beijing identified six additional companies in China that asserted that they no longer export sulfanilic acid. The embassy also listed two additional firms that refused to provide information and 14 additional firms that could not be located or contacted.

Source: *Embassy Response to Request from USITC for Information in the Five-Year Review Concerning the Antidumping Duty Order on Sulfanilic Acid from China*, public document, December 2005.

acid in India; their product reportedly was not exported.¹⁹ The data submitted by the three producers in India during the original investigations are presented in table IV-4. As shown, the capacity to produce sulfanilic acid in India was underutilized during 1989-91 and January-September 1992. India's production of sulfanilic acid was, however, rising during 1989-91. Additional expansions of capacity were anticipated, with a projection of *** pounds for 1993. In 1991, *** percent of India's shipments were to export markets, with only a small portion destined for the United States.²⁰

NFC listed approximately 30 producers and/or exporters in India in its response to the Commission's notice of institution in these current reviews.²¹ The Commission sent foreign producer questionnaires to all 30 firms in India named by NFC in its response, via an overnight delivery service. The delivery service was unable to deliver foreign producer questionnaires to eight of the companies in India, indicating that the companies were no longer at the addresses listed and that the local directories contained no current telephone listings for the firms.²² Only one firm in India responded to the Commission's request for information; *** responded by e-mail, "Please note we do not make this item anymore, hence we feel that there is no point in our submitting the questionnaire." Twenty-one recipients of the Commission's foreign producer questionnaire in India (including Kokan)²³ failed to provide a response.

Commission staff also transmitted a telegram soliciting data concerning the sulfanilic acid industry in India from U.S. embassy staff in New Delhi. In response to the Commission's telegram, embassy staff directly contacted the sulfanilic acid producing/exporting companies in India listed in the Commission's outgoing telegram. Company-specific responses from such interviews, as provided in the public response of the U.S. embassy in New Delhi to the Commission's telegram, are presented in table IV-5.

As is the case for China, there is minimal public information on the sulfanilic acid industry in India. Presented in table IV-4 are the only available data concerning the industry in India for the time periods subsequent to the original investigations. These data indicate that exports of sulfanilic acid from India in 1997 and 2003-04 exceeded levels in 1989-91. Indeed, Kokan described itself in its response to the Commission's notice of institution in these current reviews as the largest exporter of sulfanilic acid from India and indicated that it has significant exports to third countries, such as the European Union, Mexico, Japan, Brazil, and Taiwan. Kokan noted, however, that it has not exported sulfanilic acid to the United States since approximately 1995 and that it is not aware of any other Indian exporters of the product to the United States. Kokan also reported that there has been a large-scale closure of sulfanilic acid plants in India, resulting in a great reduction in the total Indian capacity to produce sulfanilic acid. Throughout the consolidations, it stated that it has emerged as the largest producer in India, accounting for *** percent of total production of sulfanilic acid in India during 2004. It described itself as primarily a producer of the purified (or refined) grade of sulfanilic acid and explained that there are some smaller manufacturers in India who cater mainly to consumers of the technical grades. Kokan indicated that it represented *** of total production of purified sulfanilic acid in India during 2004. It also argued that

¹⁹ A number of additional Indian firms were identified in the original petition as producers of technical grade sulfanilic acid.

²⁰ *Staff Report*, April 17, 2000 (INV-X-079), table I-5 and pp. I-30 through I-32.

²¹ NFC argued that the relatively lengthy list of producers suggests that Indian producers have the capacity to produce larger quantities of sulfanilic acid. *Response* of NFC, June 21, 2005, pp. 15 and 18, and app. 3.

²² The eight firms the delivery service was unable to locate are ***.

²³ As indicated earlier, Kokan participated in the institution phase of these current five-year reviews by providing a response to the Commission's notice of institution; however, the Indian producer has not provided a response to the Commission's foreign producer questionnaire in these full five-year reviews and counsel representing Kokan has withdrawn its entry of appearance.

Table IV-4

Sulfanilic acid: Selected data for the industry in India, 1989-91, January-September 1991, January-September 1992, 1997, 2003, and 2004

Item	1989	1990	1991	Jan.-Sept.		1997	2003	2004
				1991	1992			
Quantity (1,000 pounds, except as noted)								
Capacity	***	***	***	***1	***1	(²)	(²)	(²)
Production	***	***	***	***1	***1	(²)	(²)	***3
Capacity utilization (<i>percent</i>)	***	***	***	***1	***1	(²)	(²)	(²)
Shipments:								
Home market	***	***	***	***1	***1	(²)	(²)	(²)
Exports:								
United States	***	***	***	***1	***1	(²)	(²)	(²)
Other	***	***	***	***1	***1	(²)	(²)	(²)
Total exports	***	***	***	***1	***1	***	1,338 ⁴	3,132 ⁴
Total shipments	***	***	***	***1	***1	(²)	(²)	(²)

¹ Data do not include those of producer Kokan.

² Not available.

³ The production figure presented in the table for calendar year 2004 is that provided by Kokan in its response to the Commission's notice of institution in these current five-year reviews. Kokan subsequently provided the following data in response to a Commission inquiry through the U.S. embassy in New Delhi: fiscal year 2003-04 production (16.6 million pounds) and fiscal year 2004-05 production (20.1 million pounds).

⁴ The total export data presented in the table for 2003 and 2004 are from the *World Trade Atlas*. Note that these data are much lower than the following public company-specific data reported to the U.S. embassy in New Delhi by Kokan: fiscal year 2003-04 total exports (4.8 million pounds) and fiscal year 2004-05 total exports (6.4 million pounds). The company indicated that it does not export sulfanilic acid to the United States.

Source: *Staff Report*, April 17, 2000 (INV-X-079), table I-5, for 1989-91, January-September 1991, January-September 1992 data and 1997 export data; statistics from the *World Trade Atlas*, for 2003-04 export data; *Response of Kokan*, June 21, 2005, p. 3, for 2004 production data; and *Embassy Response to Request from USITC for Information in the Five-Year Review Concerning the Antidumping Duty Order on Sulfanilic Acid from India*, public document, December 2005.

there would be no “flood of exports from India” to the United States because it has “existing supply contracts with customers in India and other countries, where it is committed to making long term supplies.”²⁴

NFC, however, argued that “the Indian sulfanilic acid industry has grown considerably in size and now may be equal to or perhaps even larger than the sulfanilic acid industry in China.” NFC pointed out that Kokan’s reported production alone during fiscal year 2004-05 is more than *** greater than the amount produced in India during 1991. In addition, NFC noted that not only has Kokan described itself as “export-oriented,” but the Indian producer has also reported a 34-percent increase in its exports from

²⁴ *Response of Kokan*, June 21, 2005, pp. 1-4.

Table IV-5

Sulfanilic acid: Indian company responses to inquiry by U.S. embassy in New Delhi

Company	Response
Kokan Synthetics and Chemical Ltd.	"The company manufactured about 9,116 metric tons ({20.1 million pounds}) of sulfanilic acid in FY 2004-05, compared to 7,508 metric tons ({16.6 million pounds}) in FY 2003-04. It exported 2,895 metric tons ({6.4 million pounds}) in FY 2004-05, primarily to European Union and Asian countries, compared to 2,160 metric tons ({4.8 million pounds}) in FY 2003-04. The company does not export any sulfanilic acid to the U.S."
Chemco International	"This company has neither manufactured nor exported any sulfanilic acid since 1998."
Hemani Intermediates Pvt. Ltd.	"Hemani Intermediates has neither manufactured nor exported any sulfanilic acid."
Metrochem Industries	"The company does not manufacture any sulfanilic acid."
Source: <i>Embassy Response to Request from USITC for Information in the Five-Year Reviews Concerning the Antidumping Duty Order on Sulfanilic Acid from India</i> , public document, December 2005.	

fiscal year 2003-04 to fiscal year 2004-05.²⁵ NFC added that, in addition to Kokan, there are numerous producers of sulfanilic acid in India and that the capacity in India is "virtually unlimited in that each can expand their production of sulfanilic acid using the batch process equipment now used to make specialty dyes and chemicals."²⁶

On July 22, 2002, the EU imposed a countervailing duty of 7.1 percent and an antidumping duty of 18.3 percent on imports of sulfanilic acid from India.²⁷

THE WORLD MARKET

NFC indicated in its response to the Commission's notice of institution in these current five-year reviews that "{t}here has been moderate growth in world demand consistent with population growth in the advanced industrial countries. Demand continues to be concentrated in the United States, Europe, Mexico, Brazil, and Japan. There also has been moderate growth in demand in China and India, but the factories continue to produce sulfanilic acid primarily for export."²⁸

NFC also pointed out that the producers in China and India continue to be the major suppliers to the world market outside the United States. In fact, despite the orders on sulfanilic acid from China and India imposed by the EU, NFC claimed that imports into the EU from both countries continued. Duties from China were absorbed by exporters.²⁹ NFC added that China is also the main supplier of sulfanilic acid to Brazil and Mexico at very low prices.³⁰

Regarding global changes in the structure of the sulfanilic acid industry, NFC reported that there have been three producers of sulfanilic acid that have discontinued production since 1992: Pyosa in

²⁵ *Posthearing brief* of NFC, February 6, 2006, pp. 5-6; and *prehearing brief* of NFC, January 17, 2006, pp. 14 and 16.

²⁶ *Ibid.*, pp. 10-12.

²⁷ *Official Journal of the European Communities*, Council Regulation (EC) No 1338/2002 (countervailing duty) and 1339/2002 (antidumping duty), July 22, 2002 (as amended by Council Regulation (EC) No. 236/2004, February 10, 2004).

²⁸ *Response* of NFC, June 21, 2005, pp. 16 and 18-19.

²⁹ *Prehearing brief* of NFC, January 17, 2006, p. 18.

³⁰ *Response* of NFC, June 21, 2005, pp. 16 and 18-19.

Mexico, Croda Colors in England, and Zeneca in France (formerly ICI). In addition, Nitrokemia in Hungary reportedly discontinued production of sulfanilic acid in 2004. NFC stated that customers previously supplied by Mexican producer Pyosa and English producer Croda Colors are now supplied by Chinese and Indian producers. Zeneca produced technical grade sulfanilic acid at its plant in France through July 1998. NFC purchased this equipment in March 1999 and has replaced its existing plant for the production of technical grade sulfanilic acid. NFC has been able to retain about one-third of Zeneca's worldwide sulfanilic acid business; the balance is provided for by producers in China and India.³¹

³¹ Ibid.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Prices of the subject product purchased by U.S. end users depend on three levels of refinement of the sulfanilic acid: technical grade, sodium sulfanilate, and refined grade. Technical (or crude) sulfanilic acid is the lowest-priced of the three types since its production costs are lower and it has impurities that are undesirable for many applications. When sulfanilic acid is treated to remove certain impurities in additional production processes, it becomes sodium sulfanilate, which has a higher value and price than the technical grade.¹ Refined (or purified) sulfanilic acid generally has the highest price because it has higher production costs and the least impurities.²

Raw Materials and Other Production Costs

The primary raw materials used in the production of sulfanilic acid are aniline and sulfuric acid. Between 1999 and 2004, the price of aniline on a quarterly basis remained stable with some fluctuation. The average price of aniline was \$*** per pound in January-September 2004 compared to \$*** per pound in January-September 2005 (figure V-1). NFC reported that the price of aniline “***.” NFC also reported that it “has not been able to pass these cost increases on to its customers in the form of higher prices both because of stiff competition from fairly traded imports from France and Italy and also because it doesn’t want to force its customers to move its production offshore.”³ The price of sulfuric acid increased by approximately 3 percent annually from 1999 to 2004 (figure V-2).⁴ NFC also reported that “***.”

Figure V-1
Aniline: Consumer purchase prices, by quarters, January 1999 - September 2005

* * * * *

In general, according to NFC, the Chinese and Indian producers have to adhere to lower environmental standards than U.S. producers. Therefore, NFC reported “{w}e have improved our infrastructure with a new and larger boiler and have switched from fuel oil to natural gas for steam production. We now pretreat our wastewater and sent it by pipeline to a large municipal wastewater plant for further purification.”⁵

Information from importers on raw material costs is limited. Of the five responding importers, one reported that it does not know about the price fluctuation of the raw materials, two stated that the question was not applicable to them, and two importers reported that they do not sell the sulfanilic acid. As an end user, one importer, ***, reported that “{d}uring the period of 2000-2002, procurement of refined sulfanilic acid was restricted. Nation Ford was and is the only domestic producer, and seemed unable to serve the entire U.S. demand for the refined/semi-refined {sulfanilic acid} product, thus prices increased as a result of monopoly pricing by Nation Ford.”

¹ The price of sodium sulfanilate solution is based on the amount of free acid that is present.

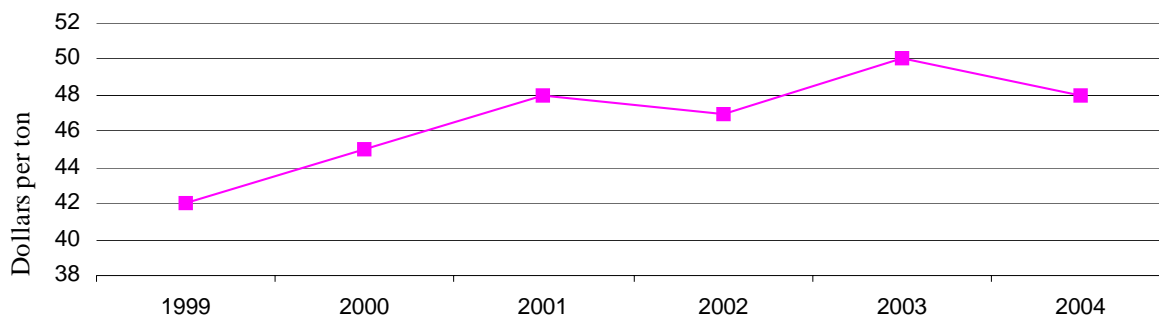
² The qualification for refined sulfanilic acid is specified by the American Chemical Society reagent grade.

³ Hearing transcript, p. 12 (Dickson). However, NFC indicated that it has made most of its price agreements for 2006 sensitive to the price of aniline. NFC’s posthearing brief, exh. 1, p. 3.

⁴ Price data for sulfuric acid during the interim period of 2005 were not available.

⁵ Hearing transcript, p. 14 (Dickson).

Figure V-2
Sulfuric acid: Annual average price



Source: Chemical Market Report.

Transportation Costs to the U.S. Market

Transportation costs for sulfanilic acid from China to the United States (excluding U.S. inland costs) in 2004 are estimated to be equivalent to approximately 17.7 percent of the customs value for product from China. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.⁶ Data from India is not available.

U.S. Inland Transportation Costs

U.S. inland transportation costs for NFC's sulfanilic acid accounted for *** percent of the total cost of the subject material, and one importer declared that transportation costs accounted for three percent of its total cost. Producers and importers were also asked to estimate the percentage of their sales that occurred within certain distance ranges. ***. None of the importers that responded to the questionnaire answered the questions regarding their distribution distance range.

Exchange Rates

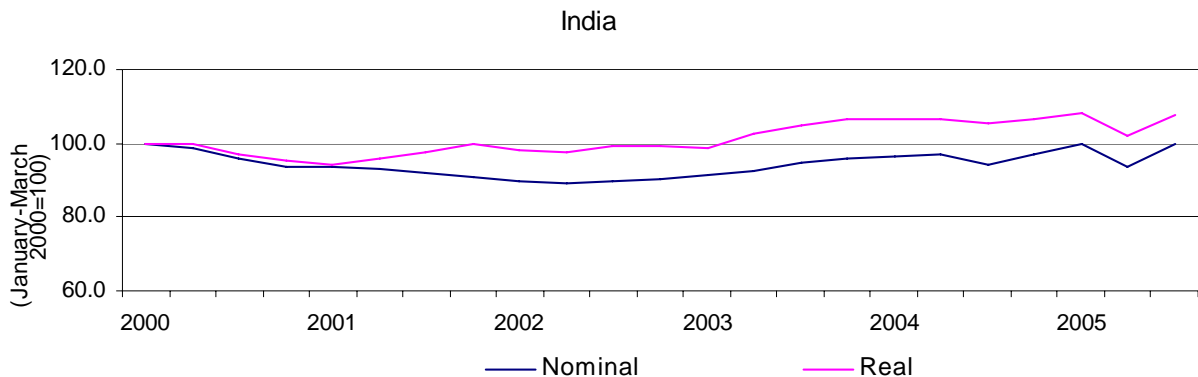
The Chinese yuan is pegged to the U.S. dollar and therefore exchange rate data are not shown. Quarterly exchange rates reported by the IMF for the currency of India vis-a-vis the U.S. dollar during the period January 2000 to December 2005 are shown in figure V-3.

PRICING PRACTICES

NFC's prices are often "****." Sales of sulfanilic acid by *** done on a spot basis accounted for *** percent of its total sales. Most importers did not provide information on their pricing practices because four of the five responding importers stated that they are end users of sulfanilic acid and they do not resell the sulfanilic acid. The only importer who provided information, ***, reported that prices are determined on a transaction-by-transaction basis, but it did not specify any negotiation methods.

⁶ These estimates are based on data for HTS subheading 2921.42.22.

Figure V-3
Exchange rate: Indices of the exchange rate between the Indian rupee and the U.S. dollar, by quarters, January 2000-September 2005



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

Pricing Methods

Producers and importers were asked to estimate the percentage of their firm’s sales of sulfanilic acid that was on a long-term contract basis, short-term contract basis, and spot sales basis. NFC reported that its sales of sulfanilic acid are ***. ***. The one responding importer, ***, reported that the company does not have any discount policy. When asked whether the price of the U.S. product has changed more or less than the price of subject products, two purchasers stated that the price changes for the Chinese products and the U.S. products were comparable; two purchasers provided no answer; one reported that Chinese products might have a higher price due to “aniline cost;” and one stated that “{d}ue to the orders in place, *** found that pricing of sources of sulfanilic acid from India and China were grossly non-competitive. Consequently, *** discounted pricing these sources until the orders are discontinued. ***.

PRICE DATA

The Commission requested U.S. producers and importers of sulfanilic acid to provide quarterly data for the total quantity and f.o.b. value of sulfanilic acid that was shipped to unrelated customers in the U.S. market. Data were requested for the period January 1999 to September 2005. The products for which pricing data were requested are as follows:

Product 1.–Technical grade sulfanilic acid

Product 2.–Refined grade sulfanilic acid

Product 3.–Sodium sulfanilate

NFC and one importer (***) of sulfanilic acid from China provided usable pricing data for sales of the requested products. Pricing data reported by NFC accounted for all of the U.S. shipments of sulfanilic acid during 1999-2004. No pricing data were reported for imports from China subsequent to October-December 2000.

Price Trends

Prices for NFC's technical grade sulfanilic acid (product 1) fluctuated during the period of review but increased at the end of the period (table V-1). Prices for the technical grade sulfanilic acid remained constant with little variation until the first quarter of 2005. Overall, prices for domestic technical grade sulfanilic acid were *** percent higher in July-September 2005 than they were in January-March 1999. Prices for NFC's refined grade sulfanilic acid (product 2) increased irregularly from \$*** per pound in the first quarter of 1999 to \$*** per pound in the third quarter of 2005 (table V-2); prices for the Chinese product were relatively constant during January-March 1999 through October-December 2000, the only period for which such pricing data were reported. Prices for domestically produced sodium sulfanilate (product 3) fluctuated during the review period and were *** percent higher at the end of the period than they were at the beginning (table V-3); prices for the Chinese product fluctuated *** during October-December 1999 through July-September 2000, then increased *** in October-December 2000.

Table V-1

Sulfanilic acid: Weighted-average f.o.b. prices and quantities of domestic product 1, by quarters, January 1999-September 2005

* * * * *

Table V-2

Sulfanilic acid: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 2 and margins of underselling/(overselling), by quarters, January 1999-September 2005

* * * * *

Table V-3

Sulfanilic acid: Weighted-average f.o.b. prices and quantities of domestic and imported Chinese product 3 and margins of underselling/(overselling), by quarters, January 1999-September 2005

* * * * *

Figure V-4

Sulfanilic acid: Weighted-average f.o.b. sales prices of domestic and imported products, by quarters, January 1999-September 2005

* * * * *

Price Comparisons

Price comparisons for product 2 (refined grade sulfanilic acid) are only available for 6 quarters in 1999 and 2000. In 5 of the 6 instances, the Chinese product was priced below the domestic product; margins of underselling ranged from 9.2 to 72.3 percent.⁷ In the remaining instance, the price of the domestic product was 0.8 percent above the price of the Chinese product.

Price comparisons for product 3 (sodium sulfanilate) are only available for October-December 1999 and for the four quarters in 2000. The Chinese product was priced below the domestic product in each of the five quarters; margins of underselling ranged from 14.1 to 45.2 percent.

U.S. importers were requested to compare market prices of sulfanilic acid in U.S. and non-U.S. markets, if known. Two importers responded to the question: *** indicated that the current pricing in Europe is \$*** per pound and that in the United States it is \$*** per pound; *** reported that “{t}he U.S. market price has been higher than the price in Europe . . . The {percent} difference has ranged from 25% - 75% during the periods being surveyed.”

⁷ The margin of 72.3 percent results from a comparison of a price for the U.S. product of \$*** which is much higher than prices during the rest of the period. Excluding this margin would result in a range of margins of underselling of 9.2 to 25.7 percent.

APPENDIX A

***FEDERAL REGISTER* NOTICES AND THE
COMMISSION'S STATEMENT ON ADEQUACY**

likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

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

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

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

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

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

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

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

Merchandise imported from each Subject Country; and

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

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

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

(11) (Optional) A statement of whether you agree with the above definitions of the Domestic Like Product

and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

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

By order of the Commission.

Issued: April 20, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-8719 Filed 4-29-05; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Second Review)]

Sulfanilic Acid From China and India

AGENCY: United States International Trade Commission (ITC).

ACTION: Institution of five-year reviews concerning the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India.

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is June 21, 2005. Comments on the adequacy of responses may be filed with the Commission by July 15, 2005. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207,

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 05-5-124, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

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

EFFECTIVE DATE: May 2, 2005.

FOR FURTHER INFORMATION CONTACT:

Mary Messer (202–205–3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain

information on this matter by contacting the Commission’s TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server ([http://](http://www.usitc.gov)

www.usitc.gov). The public record for these reviews may be viewed on the Commission’s electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background. On the dates listed below, the Department of Commerce issued countervailing duty and antidumping duty orders on the subject imports:

Order date	Product/country	Inv. No.	F.R. cite
8/19/92	Sulfanilic acid/China	731–TA–538	57 F.R. 37524.
3/2/93	Sulfanilic acid/India	731–TA–561	58 F.R. 12025.
3/2/93	Sulfanilic acid/India	701–TA–318	58 F.R. 12026.

Following five-year reviews by Commerce and the Commission, effective June 8, 2000, Commerce issued a continuation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India (65 F.R. 36404). The Commission is now conducting second reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission’s determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to these reviews:

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

(2) The Subject Countries in these reviews are China and India.

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

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

Commission defined the Domestic Industry as all domestic producers of sulfanilic acid.

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

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

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the “same particular matter” as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee’s participation was “personal and substantial.” However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the

Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

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

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

Written submissions. Pursuant to section 207.61 of the Commission’s rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is June 21, 2005. Pursuant to section 207.62(b) of the Commission’s rules, eligible parties (as

specified in Commission rule 207.62(b)(1) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is July 15, 2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

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

Information to Be Provided in Response to This Notice of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name,

telephone number, fax number, and E-mail address of the certifying official.

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

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

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

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

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in each Subject Country that currently export or have exported Subject Merchandise to the United States or other countries after 1998.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

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

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

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

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

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

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping or countervailing duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

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

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

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the

market for the Subject Merchandise in the Subject Countries after 1998, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in the Subject Countries, and such merchandise from other countries.

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

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

Issued: April 20, 2005.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-8718 Filed 4-29-05; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-851 (Review)]

Synthetic Indigo From China

AGENCY: International Trade Commission.

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

SUMMARY: The Commission hereby gives notice that it has instituted a review pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty order on synthetic indigo from China would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice

by submitting the information specified below to the Commission;¹ to be assured of consideration, the deadline for responses is June 21, 2005.

Comments on the adequacy of responses may be filed with the Commission by July 15, 2005. For further information concerning the conduct of this review and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

EFFECTIVE DATE: May 2, 2005.

FOR FURTHER INFORMATION CONTACT:

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

SUPPLEMENTARY INFORMATION:

Background. On June 19, 2000, the Department of Commerce issued an antidumping duty order on imports of synthetic indigo from China (65 FR 37961). The Commission is conducting a review to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to this review:

¹ No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 05-5-125, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

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

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

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original determination, the Commission defined the Domestic Like Product as synthetic indigo corresponding to Commerce's scope.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original determination, the Commission defined the Domestic Industry as producers of synthetic indigo, excluding converters.

(5) The Order Date is the date that the antidumping duty order under review became effective. In this review, the Order Date is June 19, 2000.

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

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

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission's designated agency ethics official has advised that a five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute

brackets. All written submissions, except for CBI, will be made available for inspection by interested parties.

The Commission intends to publish only a public report in this investigation. Accordingly, any CBI received by the Commission in this investigation will not be published in a manner that would reveal the operations of the firm supplying the information. The report will be made available to the public on the Commission's Web site.

The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>. Hearing-impaired individuals are advised that information on this matter can be obtained 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.

By order of the Commission.

Issued: August 12, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-16342 Filed 8-17-05; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-469]

Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market

AGENCY: United States International Trade Commission.

ACTION: Correction of notice of investigation.

SUMMARY: The Commission's notice published in the **Federal Register** on August 8, 2005 (70 FR 45746) contained a typographical error that incorrectly identified "February 21, 2005" as the final date for receipt of any written submissions to the United States International Trade Commission regarding investigation No. 332-469 *Conditions of Competition for Certain Oranges and Lemons in the U.S. Fresh Market*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). The correct date for written submissions on this investigation is February 21, 2006.

By order of the Commission.

Issued: August 11, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-16341 Filed 8-17-05; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-318 and 731-TA-538 and 561 (Second Review)]

Sulfanilic Acid From China and India

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determination to conduct full five-year reviews concerning the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India.

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

DATES: *Effective Date:* August 5, 2005.

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

SUPPLEMENTARY INFORMATION: On August 5, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act.¹ The Commission found that the domestic

¹ Commissioner Marcia E. Miller did not participate in these determinations.

interested party group response to its notice of institution (70 FR 22698, May 2, 2005) was adequate, and that the respondent interested party group response with respect to India was adequate, but found that the respondent interested party group response with respect to China was inadequate. However, the Commission determined to conduct a full review concerning subject imports from China to promote administrative efficiency in light of its decision to conduct a full review with respect to subject imports from India. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

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

By order of the Commission.

Issued: August 11, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-16340 Filed 8-17-05; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-851 (Review)]

Synthetic Indigo From China

AGENCY: United States International Trade Commission.

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

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

DATES: *Effective Date:* August 5, 2005.

the rate of 44.20 percent from the original investigation) is in accord with the requirement of section 776(c) of the Act that secondary information be corroborated (*i.e.*, that it be shown to have probative value).

PRELIMINARY RESULTS OF REVIEW

We preliminarily determine that the following dumping margins exist:

Manufacturer/Exporter	Margin (percent)
JFE Steel Corporation	44.20
Nippon Steel Corporation	44.20

PUBLIC COMMENT

Pursuant to section 351.309 of the Department's regulations, interested parties may submit written comments in response to these preliminary results. Unless the deadline is extended by the Department, case briefs are to be submitted within 30 days after the date of publication of this notice, and rebuttal briefs, limited to arguments raised in case briefs, are to be submitted no later than five days after the time limit for filing case briefs. Parties who submit arguments in this proceeding are requested to submit with the argument: (1) a statement of the issues, and (2) a brief summary of the argument. Case and rebuttal briefs must be served on interested parties in accordance with section 351.303(f) of the Department's regulations.

Also, pursuant to section 351.310(c) of the Department's regulations, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Department specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs. Parties will be notified of the time and location.

The Department will publish the final results of this administrative review, including the results of its analysis of issues raised in any case or rebuttal brief, no later than 120 days after publication of these preliminary results, unless extended. *See* section 351.213(h) of the Department's regulations.

DUTY ASSESSMENT

Pursuant to section 351.212(b) of the Department's regulations, the Department calculates an assessment rate for each importer or customer of the subject merchandise. The Department will issue appropriate assessment instructions directly to CBP within 15 days of publication of the final results of this review. Upon issuance of the final results of this administrative

review, if any importer- or customer-specific assessment rates calculated in the final results are above *de minimis* (*i.e.*, at or above 0.5 percent), the Department will instruct CBP to assess antidumping duties on appropriate entries by applying the assessment rate to the entered value of the merchandise. For assessment purposes, if the Department's final results include the rescission of this review with respect to SMI and NKK, the Department will instruct CBP to liquidate all entries from SMI and NKK at the rate applicable at the time of entry.

CASH DEPOSIT REQUIREMENTS

The following cash deposit rates will be effective with respect to all shipments of OCTG from Japan entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results, as provided for by section 751(a)(1) of the Act: (1) for JFE and Nippon, the cash deposit rate will be the rate established in the final results of this review; (2) for previously reviewed or investigated companies not listed above, including NKK and SMI (if this review is rescinded), the cash deposit rate will be the company-specific rate established for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the LTFV investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the subject merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered by this review, a prior review, or the LTFV investigation, the cash deposit rate shall be the all others rate established in the LTFV investigation, which is 44.20 percent. *See Notice of Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order: Oil Country Tubular Goods from Japan*, 60 FR 155 (August 11, 1995). These deposit rates, when imposed, shall remain in effect until publication of the final results of the next administrative review.

NOTIFICATION TO IMPORTERS

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

assessment of double antidumping duties.

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

Dated: August 30, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5-4864 Filed 9-6-05; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

(A-533-806, A-570-815)

Sulfanilic Acid from India and the People's Republic of China; Notice of Final Results of Expedited Sunset Reviews of Antidumping Duty Orders

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

SUMMARY: On May 2, 2005, the Department of Commerce ("the Department") initiated sunset reviews of the antidumping duty orders on sulfanilic acid from India and the People's Republic of China ("China") pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a Notice of Intent to Participate, adequate substantive responses filed on behalf of domestic interested parties, and lack of response from respondent interested parties, the Department conducted expedited (120-day) sunset reviews. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Reviews* section of this notice.

EFFECTIVE DATE: September 7, 2005.

FOR FURTHER INFORMATION CONTACT:

Hilary E. Sadler, Esq. or Maureen Flannery, Office 8, AD/CVD Enforcement, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4340.

SUPPLEMENTARY INFORMATION:

Background:

On May 2, 2005, the Department published the notice of initiation of the sunset reviews of the antidumping duty orders on sulfanilic acid from India and

China.¹ On May 12, 2005, the Department received a Notice of Intent to Participate from Nation Ford Chemical Company (“NFC”), the domestic interested party, within the deadline specified in section 315.218(d)(1)(i) of the Department’s regulations. NFC claimed interested party status under section 771(9)(C) of the Act, as a producer of the domestic-like product in the United States. On May 31, 2005, the Department received a complete substantive response from NFC within the deadline specified in section 351.218(d)(3)(i) of the Department’s regulations. We did not receive responses from any respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department’s regulations, the Department determined to conduct expedited reviews of these orders.

Scope of the Orders:

Imports covered by this antidumping duty order are all grades of sulfanilic acid, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid.

Sulfanilic acid is a synthetic organic chemical produced from the direct sulfonation of aniline with sulfuric acid. Sulfanilic acid is used as a raw material in the production of optical brighteners, food colors, specialty dyes, and concrete additives. The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry, free flowing powders.

Technical sulfanilic acid, classifiable under the subheading 2921.42.22 of the Harmonized Tariff Schedule (HTS), contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid, also classifiable under the subheading 2921.42.22 of the HTS, contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline and 0.25 percent maximum alkali insoluble materials.

Sodium salt (sodium sulfanilate), classifiable under the HTS subheading 2921.42.90, is a powder, granular or crystalline material which contains 75 percent minimum equivalent sulfanilic acid, 0.5 percent maximum aniline based on the equivalent sulfanilic acid content, and 0.25 percent maximum

alkali insoluble materials based on the equivalent sulfanilic acid content.

The Department conducted a scope ruling regarding 3V Corporation and determined that sodium sulfanilate processed in Italy from sulfanilic acid from India was within the scope of this order. See *Notice of Scope Rulings and Anticircumvention Inquiries*, 65 FR 41957 (July 7, 2000).

Although the HTS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

Analysis of Comments Received:

All issues raised in these reviews are addressed in the “Issues and Decision Memorandum” (“Decision Memorandum”) from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated August 30, 2005, which is hereby adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in room B-099 of the main Commerce Building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn/index.html>, under the heading “September 2005.” The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Reviews:

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

Manufacturers/Exporters/Producers	Weighted Average Margin (percent)
<i>India.</i> All Indian Manufacturers and Exporters	114.80 ²
<i>China.</i> China National Chemicals I&E Corporation, Hebei Branch	19.14

Manufacturers/Exporters/Producers	Weighted Average Margin (percent)
China-wide rate	85.20

² The Department published its final affirmative determination of sales at less than fair value (“LTFV”) with respect to imports of sulfanilic acid from India on January 8, 1993 (58 FR 3251). In this determination, the Department published a weighted-average dumping margin for all manufacturers/producers/exporters of 114.8 percent.

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

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

Dated: August 30, 2005.

Joseph A. Spetrini,
Acting Assistant Secretary for Import Administration.

[FR Doc. E5-4866 Filed 9-6-05; 8:45 am]

Billing Code: 3510-DS-S

DEPARTMENT OF COMMERCE

**International Trade Administration
A-570-856**

Synthetic Indigo from the People’s Republic of China; Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order

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

SUMMARY: On May 2, 2005, the Department of Commerce (“the Department”) initiated the sunset review of the antidumping duty order on synthetic indigo from the People’s Republic of China (“China”) pursuant to section 751(c) of the Tariff Act of 1930,

However, consistent with section 772(d)(1)(D) of the Act, which prohibits assessing antidumping duties on the portion of the margin attributable to an export subsidy, we established an estimated antidumping duty deposit rate of 71.09 percent for duty deposit purposes. The Department issued its antidumping duty order on sulfanilic acid from India on March 2, 1993. See *Notice of Antidumping Duty Order; Sulfanilic Acid from India*, 58 FR 12025 (March 2, 1993). The Department has not conducted an administrative review of this order since its imposition.

¹ See *Initiation of Five-Year (“Sunset”) Reviews*, 70 FR 22632 (May 2, 2005) (“Initiation Notice”).

subheadings: 7216.32.0000, 7216.33.0030, 7216.33.0060, 7216.33.0090, 7216.50.0000, 7216.61.0000, 7216.69.0000, 7216.91.0000, 7216.99.0000, 7228.70.3040, 7228.70.6000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise in this order is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum (“Decision Memorandum”) from Barbara E. Tillman, Acting Deputy Assistant Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated August 30, 2005, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendation in this public memorandum which is on file in the Central Records Unit room B-099 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

The Department determines that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the rates listed below:

Producers/Exporters	Net Countervailable Subsidy (percent)
Kangwon Industries	3.88
Dongkuk Steel Mill Co., Ltd.	1.34
All Others	3.87

Notification Regarding Administrative Protective Order

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

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

Dated: August 30, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5-4869 Filed 9-6-05; 8:45 am]

BILLING CODE 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

(C-533-807)

Final Results of Expedited Sunset Review of Countervailing Duty Order: Sulfanilic Acid from India

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

SUMMARY: On May 2, 2005, the Department of Commerce (“the Department”) initiated a sunset review of the countervailing duty (“CVD”) order on sulfanilic acid from India pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”). See *Initiation of Five-Year (“Sunset”) Reviews*, 70 FR 22632 (May 2, 2005). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of a domestic interested party and an inadequate response (in this case, no response) from respondent interested parties, the Department decided to conduct an expedited sunset review of this CVD order pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(B). As a result of this review, the Department finds that revocation of the CVD order would be likely to lead to continuation or recurrence of a countervailable subsidy at the level indicated the “Final Results of Review” section of this notice.

EFFECTIVE DATE: September 7, 2005.

FOR FURTHER INFORMATION CONTACT: Tipten Troidl or David Goldberger, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington; DC 20230; telephone: (202) 482-1767 or (101) 482-4136, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 2, 2005, the Department initiated a sunset review of the CVD order on sulfanilic acid from India pursuant to section 751(c) of the Act. See *Initiation of Five-Year (“Sunset”) Reviews*, 70 FR 22632 (May 2, 2005). The Department received a notice of intent to participate on behalf of National Ford Chemical Company

(“NFC”), within the deadline specified in 19 CFR 351.218(d)(1)(i). NFC claimed interested party status under section 771(9)(C) of the Act, as a domestic producer of sulfanilic acid.

The Department received a complete substantive response from NFC within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). However, the Department did not receive a substantive response from any respondent interested party to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted an expedited review of this order.

Scope of the Order

The merchandise covered by the CVD order are all grades of sulfanilic acid, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid (sodium sulfanilate). The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry free flowing powders. Technical sulfanilic acid contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline, and 0.25 percent maximum alkali insoluble materials. Sodium salt of sulfanilic acid (sodium sulfanilate) is a granular or crystalline material containing 75 percent minimum sulfanilic acid, 0.5 percent maximum aniline, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content. The merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (“HTSUS”) subheadings 2921.42.22 and 2921.42.24.20. HTSUS subheadings for sulfanilic acid and sodium salts of sulfanilic acid have changed since the issuance of this order. The petitioner asserts that the HTSUS subheading for sulfanilic acid was 2921.42.24.20 in 1993 and has remained at 2921.42.22 since 1994. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of the order is dispositive.

Analysis of Comments Received

All issues raised in this review are addressed in the Issues and Decision Memorandum (“Decision Memorandum”) from Barbara E. Tillman, Acting Deputy Assistant

Secretary for Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated August 30, 2005, which is hereby adopted by this notice. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendation in this public memorandum which is on file in the Central Records Unit room B-099 of the main Commerce building. In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Review

The Department determines that revocation of the countervailing duty order would be likely to lead to continuation or recurrence of a countervailable subsidy at the rate listed below:

Producers/Exporters	Net Countervailable Subsidy (percent)
All Manufacturers/Producers/Exporters	43.71

Notification Regarding Administrative Protective Order

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

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

Dated: August 30, 2005.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. E5-4857 Filed 9-6-05; 8:45 am]

Billing Code: 3510-DS-S

DEPARTMENT OF COMMERCE

International Trade Administration

Docket Number: 050830232-5232-01

Implementation of Grants to Manufacturers of Certain Worsted Wool Fabrics Established Under Title IV of the Miscellaneous Trade and Technical Corrections Act of 2004

AGENCY: Department of Commerce, International Trade Administration.

ACTION: Notice Announcing the Availability of Grant Funds.

SUMMARY: This Notice announces the availability of grant funds in calendar year 2005 for manufacturers of certain worsted wool fabrics. The purpose of this notice is to provide the general public with a single source of program and application information related to the worsted wool grant offerings, and it contains the information about the program required to be published in the **Federal Register**.

DATES: Applications by eligible U.S. producers of certain worsted wool fabrics must be received or postmarked by 5:00 p.m. Eastern Daylight Standard Time on October 7, 2005. Applications received after the closing date and time will not be considered.

ADDRESSES: Applications must be submitted to the Industry Assessment Division, Office of Textiles and Apparel, Room 3001, U.S. Department of Commerce, Washington, DC 20230, (202) 482-4058.

FOR FURTHER INFORMATION CONTACT: Jim Bennett, Office of Textiles and Apparel, U.S. Department of Commerce, (202) 482-4058.

SUPPLEMENTARY INFORMATION:

Electronic Access: The full funding opportunity announcement for the worsted wool fabrics program is available through FedGrants at <http://www.grants.gov>. The Catalog of Federal Domestic Assistance (CFDA) Number is 11.113, Special Projects.

Statutory Authority: Section 4002(c)(6) of the Miscellaneous Trade and Technical Corrections Act of 2004 (Public Law 108-429, 118 Stat. 2603) (the "Act").

Program Description: Section 4002(c)(6)(A) of the Act authorizes the Secretary of Commerce to provide grants to persons (including firms, corporations, or other legal entities) who were, during calendar years 1999, 2000, and 2001, manufacturers of two categories of worsted wool fabrics. The first category are manufacturers of worsted wool fabrics, containing 85

percent or more by weight of wool, with average fiber diameters greater than 18.5 micron (Harmonized Tariff Schedule of the United States (HTS) heading 9902.51.11); the total amount of available funds is \$2,666,000, to be allocated among such manufacturers on the basis of the percentage of each manufacturers' production of worsted wool fabric included in HTS 9902.51.11. The second category are manufacturers of worsted wool fabrics, containing 85 percent or more by weight of wool, with average fiber diameters of 18.5 micron or less (HTS heading 9902.51.12); the total amount of available funds is \$2,666,000, to be allocated among such manufacturers on the basis of the percentage of each manufacturers' production of worsted wool fabric included in HTS 9902.51.12.

Funding Availability: The Secretary of Commerce is authorized under section 4002(c)(6)(A) of the Act to provide grants to manufacturers of certain worsted wool fabrics. Funding for the worsted wool fabrics grant program will be provided by the Department of the Treasury from amounts in the Wool Apparel Manufacturers Trust Fund (the "Trust Fund"). The total amount of grants to manufacturers of worsted wool fabrics described in HTS 9902.51.11 shall be \$2,666,000 in each of calendar years 2005, 2006 and 2007. The total amount of grants to manufacturers of worsted wool fabrics described in HTS 9902.51.12 shall also be \$2,666,000 in each of calendar years 2005, 2006 and 2007.

Eligibility Criteria: Eligible applicants for the worsted wool fabric program include persons (including firms, corporations, or other legal entities) who were, during calendar years 1999, 2000 and 2001, manufacturers of worsted wool fabric of the kind described in HTS 9902.51.11 or 9902.51.12. Any manufacturer who becomes a successor-of-interest to a manufacturer of the worsted wool fabrics described in HTS 9902.51.11 or HTS 9902.51.12 during 1999, 2000 or 2001 because of a reorganization or otherwise, shall be eligible to apply for such grants.

Applications to Receive Allocations: An applicant must have produced worsted wool fabric of a kind described in HTS 9902.51.11 or 9902.51.12 in the United States in each of calendar years 1999, 2000 and 2001. Applicants must provide: (1) company name, address, contact and phone number; (2) Federal tax identification number; (3) the name and address of each plant or location in the United States where worsted wool fabrics of the kind described in HTS 9902.51.11 or HTS 9902.51.12 was woven by the applicant; (4) the quantity

Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

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

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

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

By order of the Commission.

Issued: September 14, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-18625 Filed 9-19-05; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 701-TA-318 and 731-TA-538 and 561 (Second Review)]

Sulfanilic Acid From India and China

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the countervailing duty and antidumping duty orders on sulfanilic acid from China and India.

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

EFFECTIVE DATE: September 12, 2005.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain

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

SUPPLEMENTARY INFORMATION:

Background. On August 5, 2005, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (70 FR 48588, August 18, 2005). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

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

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

parties authorized to receive BPI under the APO.

Staff report. The prehearing staff report in the reviews will be placed in the nonpublic record on January 5, 2006, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing. The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on January 26, 2006, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 17, 2006. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 19, 2006, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

Written submissions. Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is January 17, 2006. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is February 6, 2006; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before February 6, 2006. On March 1, 2006, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before March 3, 2006, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must

conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

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

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: September 14, 2005.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 05-18626 Filed 9-19-05; 8:45 am]

BILLING CODE 7020-02-P

DEPARTMENT OF JUSTICE

Bureau of Alcohol, Tobacco, Firearms and Explosives

Agency Information Collection Activities: Proposed Collection; Comments Requested

ACTION: 60-Day Notice of Information Collection Under Review: Request for Information Regarding Federal Firearms Dealer's Records (Records of Acquisition and Disposition).

The Department of Justice (DOJ), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), has submitted the following information collection request

to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collection is published to obtain comments from the public and affected agencies. Comments are encouraged and will be accepted for "sixty days" until November 21, 2005. This process is conducted in accordance with 5 CFR 1320.10.

If you have comments especially on the estimated public burden or associated response time, suggestions, or need a copy of the proposed information collection instrument with instructions or additional information, please contact David Adinolfi, Federal Firearms Licensing Center, Room 400, 2600 Century Parkway, West, Atlanta, GA 30044.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

Overview of this information collection:

(1) *Type of Information Collection:* Extension of a currently approved collection.

(2) *Title of the Form/Collection:* Request for Information Regarding Federal Firearms Dealer's Records (Records of Acquisition and Disposition).

(3) *Agency form number, if any, and the applicable component of the Department of Justice sponsoring the collection: Form Number:* ATF F 5300.3A. Bureau of Alcohol, Tobacco, Firearms and Explosives.

(4) *Affected public who will be asked or required to respond, as well as a brief*

abstract: Primary: Business or other for-profit. Other: None. Firearms licensees are required to keep records of acquisition and disposition. These records remain with the licensee as long as he is in business. When a firearms or ammunition business is discontinued and succeeded by a new licensee, the records required to be kept shall appropriately reflect such facts and shall be delivered to the successor. When discontinuance of the business is absolute, such records shall be delivered within thirty days after the business discontinuance to ATF.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* It is estimated that 28,000 respondents will complete a 5 minute form.

(6) *An estimate of the total public burden (in hours) associated with the collection:* The estimated annual total burden hours associated with this collection is 2,380.

If additional information is required contact: Brenda E. Dyer, Department Clearance Officer, Policy and Planning Staff, Justice Management Division, Department of Justice, Patrick Henry Building, Suite 1600, 601 D Street NW., Washington, DC 20530, or by e-mail at brenda.e.dyer@usdoj.gov.

Dated: September 15, 2005.

Brenda E. Dyer,

Department Clearance Officer, Department of Justice.

[FR Doc. 05-18675 Filed 9-19-05; 8:45 am]

BILLING CODE 4410-FY-P

DEPARTMENT OF JUSTICE

Bureau of Alcohol, Tobacco, Firearms and Explosives

Agency Information Collection Activities: Proposed Collection; Comments Requested

ACTION: 60-day notice of information collection under review: Report of Theft or Loss of Explosives.

The Department of Justice (DOJ), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collection is published to obtain comments from the public and affected agencies. Comments are encouraged and will be accepted for "sixty days" until November 21, 2005.

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

Sulfanilic Acid from India and China,

Invs. Nos. 701-TA-318 and 731-TA-538 and 561 (Second Reviews)

On August 5, 2005, the Commission unanimously determined¹ that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).

With regard to each of the reviews, the Commission determined that the domestic interested party group response to the notice of institution was adequate. The Commission received a single response from National Ford Chemical Company, the sole domestic producer of sulfanilic acid. Because the Commission received an adequate response from the sole domestic producer accounting for one hundred percent of U.S. production, the Commission determined that the domestic interested party group response was adequate.

In the reviews concerning subject imports from India, the Commission received an adequate response from a producer of the subject merchandise in India, Kokan Synthetics & Chemicals Pvt., Ltd. (“Kokan”). Because Kokan’s response represents a substantial percentage of the production of subject sulfanilic acid in India, the Commission determined that the respondent interested party group response for India was adequate. Accordingly, the Commission determined to proceed to full reviews in *Sulfanilic Acid from India*.

The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from China. However, the Commission determined to conduct a full review to promote administrative efficiency in light of its decision to conduct full reviews with respect to *Sulfanilic Acid from India*. A record of the Commissioners’ votes is available from the Office of the Secretary and the Commission’s web site (<http://www.usitc.gov>).

¹Commissioner Miller did not participate.

APPENDIX B
CALENDAR OF THE PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

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

Subject: Sulfanilic Acid from China and India

Inv. Nos.: 701-TA-318 and 731-TA-538 and 561 (Second Review)

Date/Time: January 26, 2006 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, SW, Washington, DC.

**In Support of the Continuation of
the Antidumping and Countervailing
Duty Orders:**

Pepper Hamilton LLP
Washington, DC
on behalf of

Nation Ford Chemical Company ("NFC")

John A. Dickson, Chief Executive Officer, NFC

Jay Dickson, President, NFC

Gregory C. Dorris—OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1
Sulfanilic acid: Summary data concerning the U.S. market, 1999-2004, January-September 2004, and January-September 2005

(Quantity=1,000 pounds, value=1,000 dollars, unit values, unit labor costs, and unit expenses are per pound; period changes=percent, except where noted)

Item	Reported data							January-September		Period changes					
	1999	2000	2001	2002	2003	2004	2004	2005	1999-2004	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
U.S. consumption quantity:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
China	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. consumption value:															
Amount	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):															
China	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Other sources	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. imports from:															
China:															
Quantity	3,498	2,475	0	0	447	239	200	3	-93.2	-29.3	-100.0	(2)	(2)	-46.4	-98.3
Value	1,638	1,116	0	0	207	111	87	3	-93.2	-31.9	-100.0	(2)	(2)	-46.5	-96.6
Unit value	\$0.47	\$0.45	(2)	(2)	\$0.46	\$0.46	\$0.43	\$0.86	-1.1	-3.7	(2)	(2)	(2)	-0.1	99.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
India:															
Quantity	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal:															
Quantity	3,498	2,475	0	0	447	239	200	3	-93.2	-29.3	-100.0	(2)	(2)	-46.4	-98.3
Value	1,638	1,116	0	0	207	111	87	3	-93.2	-31.9	-100.0	(2)	(2)	-46.5	-96.6
Unit value	\$0.47	\$0.45	(2)	(2)	\$0.46	\$0.46	\$0.43	\$0.86	-1.1	-3.7	(2)	(2)	(2)	-0.1	99.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All other sources:															
Quantity	722	2,296	3,977	795	633	843	449	1,147	16.7	218.0	73.2	-80.0	-20.5	33.3	155.6
Value	350	1,460	2,266	440	378	611	228	924	74.4	316.6	55.2	-80.6	-14.2	61.9	305.1
Unit value	\$0.49	\$0.64	\$0.57	\$0.55	\$0.60	\$0.73	\$0.51	\$0.81	49.4	31.0	-10.4	-2.9	7.9	21.5	58.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
All sources:															
Quantity	4,221	4,771	3,977	795	1,079	1,082	648	1,150	-74.4	13.0	-16.6	-80.0	35.7	0.3	77.4
Value	1,988	2,576	2,266	440	585	722	315	927	-63.7	29.5	-12.0	-80.6	32.8	23.5	194.7
Unit value	\$0.47	\$0.54	\$0.57	\$0.55	\$0.54	\$0.67	\$0.49	\$0.81	41.6	14.6	5.5	-2.9	-2.1	23.2	66.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. producers:															
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
U.S. shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Export shipments:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

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

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

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

APPENDIX D

**RESPONSES OF THE U.S. PRODUCER, U.S. IMPORTERS, AND U.S.
PURCHASERS CONCERNING THE SIGNIFICANCE OF THE
ANTIDUMPING AND COUNTERVAILING DUTY ORDERS AND THE
LIKELY EFFECTS OF REVOCATION**

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

The Commission requested U.S. producers to describe any anticipated changes to the character of their operations or organization relating to the production of sulfanilic acid in the future if the antidumping and countervailing duty orders covering imports of sulfanilic acid from China and/or India were revoked. (Question II-4.) The following is a quotation from the response of NFC.

* * * * *

The Commission requested U.S. producers to describe the significance of the existing antidumping and countervailing duty orders covering imports of sulfanilic acid from China and India in terms of their effect on their firms' production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-14.) The following is a quotation from the response of NFC.

* * * * *

The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of sulfanilic acid in the future if the existing antidumping and countervailing duty orders were revoked. (Question II-15.) The following is a quotation from the response of NFC.

* * * * *

The Commission requested U.S. producers to describe the significance of the existing orders covering imports of sulfanilic acid {from Hungary and Portugal} in terms of their effects on their firms' domestic operations producing sulfanilic acid over the period surveyed. (Question II-16.) The following is a quotation from the response of NFC.

* * * * *

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

The Commission requested U.S. importers to describe any anticipated changes to the character of their operations or organization relating to the importation of sulfanilic acid in the future if the antidumping and countervailing duty orders covering imports of sulfanilic acid from China and/or India were revoked. (Question II-4.) The following are quotations from the responses of importers.

We anticipate that the revocation of tariffs on imported sulfanilic acid from China and India would force the domestic producer, Nation Ford, to provide more competitive pricing. Revoking of the orders would enable *** to expand its supplier base for sulfanilic acid resulting in lower costs to produce *** that use sulfanilic acid making us more competitive in the *** market.

No.

* * * * *

No.

We would once again request competitive quotes.

No.

The Commission requested U.S. importers to describe the significance of the existing antidumping and countervailing duty orders covering imports of sulfanilic acid from China and India in terms of their effect on their imports, U.S. shipments of imports, and inventories. (Question II-8.) The following are quotations from the responses of importers.

The current supplier base for sulfanilic supply is severely limited due to the orders that make the material originating in China or India not cost competitive. The pricing by Nation Ford is higher than it should be due to the orders, which increase the delivered cost for competition. The major supplier base for sulfanilic acid is now located in China and India. The current availability of cost effective material is not

sufficient to sustain our *** business. Revoking of the orders would enable *** to expand its supplier base for sulfanilic acid resulting in lower pricing and increased competitiveness in the *** market.

The orders make *** totally dependent on the sole domestic supplier – Nation Ford Chemical. This is an unacceptable situation because of potential supply interruptions.

No significance on imports.

Because of the existing antidumping duty, we do not import sulfanilic acid. In previous years, we went through review periods with the Department of Commerce, and we no longer choose to go through the review process.

The existing countervailing and antidumping duty orders prevented imports primarily due to cost and uncertainties regarding final prices.

*** received price quotations from manufacturers and made purchase decisions based on this information. *** is not aware of the impacts of the existing countervailing and antidumping duty orders on market prices.

The Commission requested U.S. importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of sulfanilic acid in the future if the existing antidumping and countervailing duty orders were revoked. (Question II-9.) The following are quotations from the responses of importers.

In the short term, we would anticipate an increase in the volume of sulfanilic acid imported from China and India due to better pricing than Nation Ford. In a few months time, we would expect that Nation Ford would adjust pricing to be more competitive and supply/demand issues globally would then become the major force impacting pricing and availability of sulfanilic acid as is the case with the majority of other raw materials procured.

If orders revoked, *** would likely import from China/India – at least amounts necessary to establish a viable back-up source to NFC.

No significance on imports.

It may be a possibility that we would import sulfanilic acid from China, but at this time we have no business plan to do so, nor do we have any business projections for this product.

This would depend on the country(ies) involved if they could compete with the U.S. market.

No.

The Commission requested U.S. importers to describe the significance of the existing orders covering imports of sulfanilic acid {from Hungary and Portugal} in terms of their effects on their firms' imports of sulfanilic acid over the period surveyed. (Question II-10.) The following are quotations from the responses of importers.

We have never imported material from either of these countries.

*** did import some from these countries but not since 2002. The orders effectively eliminated these sources as competitive suppliers.

No significance on imports.

Not applicable.

Imports from Hungary have ceased coming to *** due to the existing orders. To my knowledge we have never imported material from ***.

None.

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

The Commission requested U.S. purchasers to describe the significance of the existing antidumping and countervailing duty orders covering imports of sulfanilic acid from China and India in terms of their effect on their firms' future activities and the U.S. market as a whole. (Question III-35.) The following are quotations from the responses of purchasers.

Activities of your firm: We anticipate that the revocation of tariffs on imported sulfanilic acid from China and India would force the domestic producer, Nation Ford, to provide more competitive pricing. Revoking of the orders would enable *** to expand its supplier base for sulfanilic acid resulting in lower costs to produce *** that use sulfanilic acid making us more competitive in the *** market.

Entire U.S. market: N/A – ***.

Activities of your firm: May evaluate alternative suppliers 2 years out.

Entire U.S. market: Greater volumes of foreign material may enter the market – driving prices down.

Activities of your firm: We get a secondary source for security of supply.

Entire U.S. market: Some volume would move to foreign suppliers for above reasoning. I would not expect much movement on price.

Activities of your firm: N/A

Entire U.S. market: N/A

Activities of your firm: Revocation of the order would open the door for more competitive bidding.

Entire U.S. market: Perhaps this would allow for second sourcing to be possible.

Activities of your firm: None.

Entire U.S. market: Unknown.

