

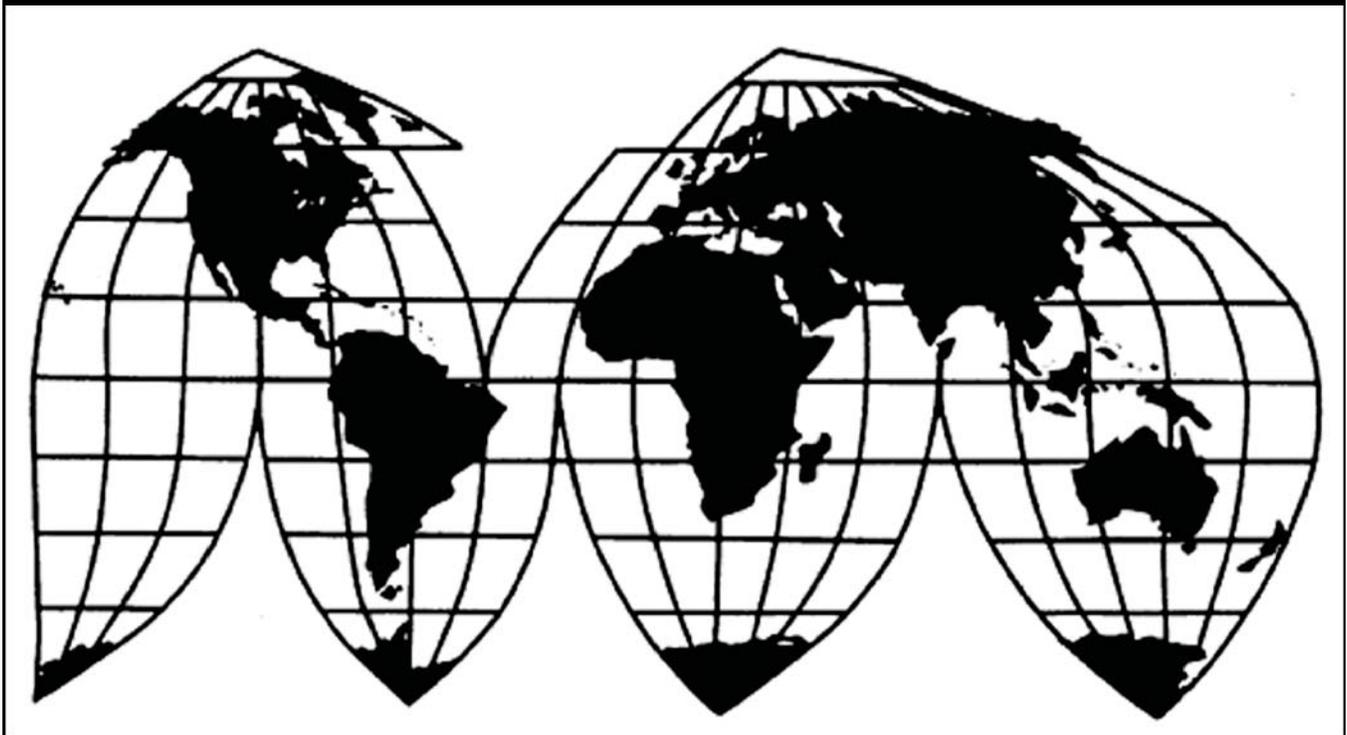
Saccharin from China

Investigation No. 731-TA-1013 (Second Review)

Publication 4534

May 2015

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1013 (Second Review)

Saccharin from China

DETERMINATION

On the basis of the record¹ developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930, that revocation of the antidumping duty order on saccharin from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), instituted this review on May 1, 2014 (79 F.R. 24749) and determined on August 4, 2014 that it would conduct a full review (79 F.R. 47478, August 13, 2014). Notice of the scheduling of the Commission’s review and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on October 30, 2014 (79 F.R. 66740). The hearing was held in Washington, DC, on March 31, 2015, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

Views of the Commission

Based on the record in this second five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on saccharin from China would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

On June 20, 2003, the Commission determined that an industry in the United States was materially injured by reason of imports of saccharin from China that the U.S. Department of Commerce (“Commerce”) determined to be sold at less than fair value.¹ Commerce issued an antidumping duty order on July 9, 2003.²

In May 2009, after conducting a full review, the Commission determined that revocation of the antidumping duty order on saccharin from China would be likely to lead to continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time.³ On June 8, 2009, Commerce issued a notice of continuation of the antidumping duty order on imports of saccharin from China.⁴

On May 1, 2014, the Commission instituted this second five-year review,⁵ and on August 13, 2014, it determined to conduct a full review.⁶ The Commission received prehearing and posthearing briefs from Kinetic Industries, Inc., (“Kinetic”), a U.S. firm that asserts that it is involved in domestic production of saccharin through a tolling arrangement with ***⁷ PMC Specialties Group (“PMC”), a domestic producer of saccharin that *** continuation of the order and was the petitioner in the original investigation, also submitted prehearing and posthearing briefs. Representatives of Kinetic and ACD appeared at the Commission’s hearing accompanied by counsel.⁸ While no producer, importer, or exporter of subject merchandise from China responded to the Commission’s notice of institution or submitted prehearing or posthearing briefs, representatives of subject producer Shanghai Fortune Chemical Co., Ltd. (“Shanghai

¹ *Saccharin from China*, Inv. No. 731-TA-1013 (Final), USITC Pub. 3606 (June 2003) (“*Original Determination*”).

² 68 Fed. Reg. 40906 (July 9, 2003).

³ *Saccharin from China*, Inv. No. 731-TA-1013 (Review), USITC Pub. 4077 (May 2009) (“*First Five-Year Review*”).

⁴ *Continuation of Antidumping Duty Order on Saccharin from the People’s Republic of China*, 74 Fed. Reg. 27089 (June 8, 2009).

⁵ *Saccharin from China: Institution of Five-Year Review*, 79 Fed. Reg. 24749 (May 1, 2014).

⁶ 19 U.S.C. § 1675(c)(3). See *Saccharin from China, Notice of Commission Determination to Conduct a Full Five-Year Review*, 79 Fed. Reg. 47478 (Aug. 13, 2014).

⁷ Kinetic Response to Notice of Institution (June 6, 2014).

⁸ Counsel entered an appearance only on behalf of tollee Kinetic and did not enter an appearance on behalf of Kinetic’s toll producer ACD.

Fortune”) appeared at the hearing along with representatives of Kinetic in support of continuation of the antidumping duty order.

U.S. industry data in this review are based on the questionnaire responses of two firms (PMC and ACD) that are believed to have accounted for all known U.S. production of saccharin in 2014.⁹ U.S. import data and related information are based on questionnaire data from 17 importers that are believed to have accounted for approximately 98.4 percent of total subject imports during the period of review.¹⁰ Foreign industry data and related information are based on the questionnaire response of one producer of saccharin in China (***) that accounted for approximately *** percent of saccharin production in China in 2014¹¹ and *** percent of subject imports from China during the 2009-14 period of review (“POR”).¹²

II. Domestic Like Product and Industry

A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”¹³ The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”¹⁴ The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.¹⁵

Commerce has defined the scope of merchandise subject to the order under review as follows:

Saccharin is defined as a non-nutritive sweetener used in beverages and foods, personal care products such as toothpaste, table top sweeteners, and animal feeds. It is also used in metalworking fluids. There are four primary chemical compositions of saccharin: (1) sodium saccharin (American

⁹ Confidential Report (“CR”) and Public Report (“PR”) at III-1. Kinetic also submitted a questionnaire response.

¹⁰ CR at I-11; PR at I-8.

¹¹ CR at IV-13; PR at IV-10.

¹² CR at II-6 n.8; PR at II-4 n.8.

¹³ 19 U.S.C. § 1677(4)(A).

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

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

Chemical Society Chemical Abstract Service (“CAS”) Registry 128-44-9); (2) calcium saccharin (CAS Registry 6485-34-3); (3) acid (or insoluble) saccharin (CAS Registry 81-07-2); and (4) research grade saccharin. Most of the U.S. – produced and imported grades of saccharin from the PRC are sodium and calcium saccharin, which are available in granular, powder, spray-dried powder, and liquid forms. The merchandise subject to this order is currently classifiable under subheading 2925.11.00 of the harmonized Tariff Schedule of the United States (“HTSUS”) and includes all types of saccharin imported under this HTSUS subheading, including research and specialized grades. Although the HTSUS subheading is provided for convenience and customs purposes, the Department’s written description of the scope of this order remains dispositive.¹⁶

Made from petroleum-based organic chemicals, saccharin is a chemical additive that is used primarily as a sweetener.¹⁷ First synthesized in 1879, it has been used in the United States as a sugar substitute since 1885, primarily in food and beverage products (either commercially added prior to consumption or personally added at the time of consumption) and in personal care products such as toothpaste and mouthwash.¹⁸ By weight, it is more than 300 times sweeter than sugar.¹⁹ It is also used as an additive in adhesives and in metalworking fluids to facilitate electroplating.²⁰ End users in the food and beverage markets are primarily soft-drink manufacturers and manufacturers of table-top sweetener packets for restaurants, airlines, and other firms serving beverages to the public.²¹ The auto and auto parts industries consume saccharin in electroplating chrome bumpers and accessories.²² Saccharin is also used in pharmaceuticals, animal feed, tobacco, and food mixes.²³

In its prior proceedings, the Commission defined a single domestic like product that was coextensive with the scope of the investigation.²⁴ Kinetic has stated that it agrees with the

¹⁶ *Saccharin From the People’s Republic of China: Final Results of Expedited Second Sunset Review of Antidumping Duty Order*, 79 FR 51139, August 27, 2014.

¹⁷ CR at I-16; PR at I-11.

¹⁸ CR at I-16; PR at I-11-I-12.

¹⁹ CR at I-16; PR at I-12.

²⁰ CR at I-16; PR at I-12.

²¹ CR at I-16; PR at I-12.

²² CR at I-16; PR at I-12.

²³ CR at I-16; PR at I-12.

²⁴ In the original determination, the Commission found one domestic like product, consisting of all forms of saccharin, that was coextensive with Commerce’s scope, based upon the similarity in physical characteristics and uses, general interchangeability, common channels of distribution, common manufacturing facilities and production process, and general similarity in price. *Original Determination*, USITC Pub. 3606, at 5.

In its full first five-year review, the Commission determined that no new facts existed to warrant a conclusion different from the original investigation and again found one domestic like product (Continued...)

Commission's domestic like product definition in the original investigation and first five-year review.²⁵ No new information was obtained during this review that would suggest any reason to revisit the Commission's domestic like product definition from the prior proceedings.²⁶ Accordingly, we define a domestic like product, consisting of all forms of saccharin, that is coextensive with Commerce's scope.

B. Domestic Industry and Related Parties

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."²⁷ In defining the domestic industry, the Commission's general practice has been to include in the industry all domestic producers of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

This second five-year review presents the issue of whether Kinetic is engaged in production of the domestic like product and therefore should be included in the definition of the domestic industry.²⁸ We agree with Kinetic that it is not subject to the six criteria typically used by the Commission for determining whether a particular firm is engaged in sufficient production-related activities.²⁹ However, we do not find that it is a producer of the domestic

(...Continued)

consisting of all forms of saccharin that was coextensive with Commerce's scope of investigation. *First Five-Year Review*, USITC Pub. 4077, at 5.

²⁵ Kinetic Prehearing Brief at 4. PMC and ACD did not address the issue.

²⁶ See generally CR at I-27-I-29; PR at I-18-I-20.

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

²⁸ In both the original determination and first five-year review, the Commission defined the domestic industry as PMC because it was the sole domestic producer. *Original Determination*, USITC Pub. 3606, at 5; *First Five-Year Review*, USITC Pub. 4077, at 7. (Neither ACD nor Kinetic was identified as a domestic producer in the prior proceedings.) The Commission applied the six criteria it customarily examines to ascertain whether there were sufficient production-related activities in the first five-year review because a question was raised as to PMC's status as a domestic producer, and whether PMC was not engaged in sufficient production-related activities under the Commission's six criteria to qualify as a domestic producer. *First Five-Year Review*, USITC Pub. 4077, at 7. PMC produced the domestic like product, saccharin, in contrast to Kinetic here. *Id.*

²⁹ The Commission typically applies these criteria in instances involving finishing or conversion processes for an input within Commerce's scope of investigation resulting in an output of the domestic like product. See, e.g., *Calcium Hypochlorite from China*, Inv. Nos. 701-TA-510 and 731-TA-1245, USITC Pub. 4515 at 7-9 (Final) (Jan. 2015) (stand-alone tableters were not engaged in sufficient production-related activities and therefore were not included in the domestic industry); *Chlorinated Isocyanurates from China and Japan*, Inv. Nos. 701-TA-501 and 731-TA-1226, USITC Pub. 4494 at 8-10 (Final) (Nov. 2014) (stand-alone tableters were engaged in sufficient production-related activities and therefore were included in the domestic industry); *Certain Oil Country Tubular Goods from India, Korea, the Philippines*, (Continued...)

like product. Rather, it acts solely as a tollee. Thus, we do not include Kinetic in the domestic industry.^{30 31} Accordingly, we define the domestic industry to include only the two producers of

(...Continued)

Taiwan, Thailand, Turkey, Ukraine, and Vietnam, Inv. Nos. 701-TA-499-500 and 731-TA-1215-17 and 1219-1233 (Final), USITC Pub. 4489 at 12-14 (Sept. 2014) (processors that provided heat treatment were engaged in sufficient production-related activities and therefore were included in the domestic industry); *Crystalline Silicon Photovoltaic Cells*, Inv. Nos. 701-TA-481 and 731-TA-1190, USITC Pub. 4360 at 12-13 (Nov. 2012) (module assemblers were engaged in sufficient production-related activities and therefore were included in the domestic industry). By contrast, the record in this second five-year review indicates that, via its affiliate Gibraltar Trading Corp., Kinetic imports *** used as an input to saccharin production. CR at I-31 and III-25 n.19; PR at I-20 and III-5 n.19. According to Kinetic, it “purchases *** from Shanghai Fortune, some of which was produced by Shanghai Fortune and some purchased” by Shanghai Fortune from other suppliers in China. Kinetic Posthearing Brief, Answers to Commissioners’ Questions at 3-4. Kinetic delivers the procured *** to ACD for saccharin production at ACD’s facility in New Jersey. CR/PR at II-1; Hearing Tr. at 92 (Boltuck); Kinetic’s Posthearing Brief, Answers to Commissioners’ Questions at 27. Because Kinetic does not finish or convert any merchandise in the saccharin production process, much less conduct activities that result in saccharin as an output, the six criteria for sufficient production-related activities are not applicable to ascertaining its status as a domestic producer, and we do not apply them here.

³⁰ The Commission’s practice generally is not to include tollees in the domestic industry definition because they do not actually produce the domestic like product. See e.g., *Ferrovandium from China and South Africa*, Inv. Nos. 731-TA-986-987 (Second Review), USITC Pub. 4517 at 7 (Jan. 2015); *Ferrovandium from China and South Africa*, Inv. Nos. 731-TA-986-987 (Review), USITC Pub. 4046 at 7-10 (Nov. 2008); *Ferrovandium from China and South Africa*, Inv. Nos. 731-TA-986-987 (Final), USITC Pub. 3570 at 10 (Jan. 2003); *Certain Welded Large Diameter Line Pipe from Japan*, Inv. No. 731-TA-919 (Final), USITC Pub. 3464 at 10 n.53 (Nov. 2001); *Furfuryl Alcohol from China and Thailand*, Inv. Nos. 731-TA-703-705, USITC Pub. 3412 at 6 n.23 (Apr. 2001). The Commission also has found that merely providing technical expertise and assuming market risks – the activities on which Kinetic relies in asserting status as a domestic producer, see Kinetic Posthearing Br., Answers to Commissioners’ Questions at 27 – are insufficient to qualify a tollee as a domestic producer. See, e.g., *Ferrovandium from China and South Africa*, Inv. Nos. 731-TA-986-987 (Review), USITC Pub. 4046 at 9 n.61 (Nov. 2008) (finding that tollees did not qualify as domestic producers because they did not produce the domestic like product notwithstanding the fact that “they made large capital investments, possess technical expertise, contribute some value added, and employ U.S. workers.”).

³¹ Pursuant to section 771(9)(C), (D), (E), (F), and (G) of the Tariff Act of 1930 Act (19 U.S.C. § 1677(9)) and 19 CFR § 351.102(b), the term “interested party” includes the following: (1) a foreign manufacturer, producer, or exporter, or the United States importer of subject merchandise; (2) a manufacturer, producer, or wholesaler in the United States of a domestic like product; (3) the government of a country in which subject merchandise is produced or manufactured; (4) a certified or recognized union or group of workers that is representative of an industry engaged in the manufacture, production, or wholesale in the United States of a domestic like product; and (5) a trade or business association a majority of whose members manufacture, produce, or wholesale a domestic like product. 19 U.S.C. § 1677(9)(A)-(E). Although Kinetic was granted interested party status at the time the Commission instituted this second five-year review based upon Kinetic’s own assertions and information then available, further investigation indicates that Kinetic is not entitled to such status. Since Kinetic (Continued...)

the domestic like product, ACD and PMC.³² We also do not find that appropriate circumstances exist to exclude PMC from the domestic industry, even though it is a related party pursuant to 19 U.S.C. § 1677(4)(B) because it imported subject merchandise during the POR.³³

III. Whether Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”³⁴ The Uruguay Rounds Agreements Act Statement of Administrative Action (“SAA”) states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”³⁵ Thus, the likelihood standard is prospective in

(...Continued)

does not produce the domestic like product or satisfy any of the other aforementioned criteria, it does not qualify as an “interested party” as that term is defined under the statute and applicable regulations governing Commission proceedings, including this five-year review. 19 U.S.C. § 1677(9).

³² In the current review, neither producer’s status as a domestic producer is in dispute. As discussed above, the Commission’s practice generally is to include toll producers (as opposed to tollees) in the domestic industry definition since they actually produce the domestic like product. Moreover, Kinetic has acknowledged that ACD is a domestic producer, and no party has argued to the contrary. See *e.g.*, Kinetic Posthearing Br. at 6 & Answers to Commissioners’ Questions at 6-7, 15.

³³ PMC *** continuation of the order. CR/PR at Table I-8. PMC’s ratio of imports to domestic production fluctuated during the POR, because PMC solely engaged in domestic production during some years and solely engaged in importation during others. Nevertheless, the record shows that PMC was responsible for a substantial share of domestic saccharin production during the POR (***) percent), particularly during the latter portion of the POR. CR/PR at Table III-7. Moreover, no party supports PMC’s exclusion from the domestic industry, and PMC stated that it remains interested in domestic production. Although we find that it is a close question, we conclude that appropriate circumstances do not exist to exclude PMC from the domestic industry.

³⁴ 19 U.S.C. § 1675a(a).

³⁵ SAA, H.R. Rep. 103-316 at 883-84 (1984). The SAA states that “{t}he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

nature.³⁶ The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.³⁷

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.”³⁸ According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”³⁹

Although the standard in a five-year review is not the same as the standard applied in an original 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.”⁴⁰ 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 a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).⁴¹ The statute further

³⁶ 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.

³⁷ See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d mem.*, 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

³⁸ 19 U.S.C. § 1675a(a)(5).

³⁹ 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.*

⁴⁰ 19 U.S.C. § 1675a(a)(1).

⁴¹ 19 U.S.C. § 1675a(a)(1). Commerce has made no duty absorption findings with respect to saccharin from China. CR at I-12 n.13; PR at I-8 n.13.

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.⁴²

In evaluating the likely volume of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, 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.⁴³ 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.⁴⁴

In evaluating the likely price effects of subject imports if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.⁴⁵

In evaluating the likely impact of imports of subject merchandise if the orders under review are revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.⁴⁶ All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to

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

⁴³ 19 U.S.C. § 1675a(a)(2).

⁴⁴ 19 U.S.C. § 1675a(a)(2)(A-D).

⁴⁵ See 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

⁴⁶ 19 U.S.C. § 1675a(a)(4).

which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.⁴⁷

B. Findings in the Original Determination and First Five-Year Review

Conditions of Competition. In the original determination, the Commission found that, because saccharin was an intermediate product used in various consumer products and agricultural and industrial applications, overall U.S. demand for saccharin was derived from the demand for the products that used it as an input.⁴⁸ Concerning supply, the Commission found that PMC was the sole domestic producer of saccharin⁴⁹ and that nonsubject imports had a significant presence in the U.S. market during the period of investigation (“POI”).⁵⁰ As to substitutability, it found that other sweeteners may be substituted for saccharin, including sugar, aspartame, acesulfame-K, tagatose, alitame, and sucralose, although it also observed that some of these sweeteners were much more expensive than saccharin and therefore their substitution was often not considered economically feasible in many applications.⁵¹

In the first five-year review, the Commission found that the overall U.S. demand for saccharin continued to be driven by demand for the products in which it was used as an input.⁵² In terms of supply conditions, it found that, as in the original investigation, PMC was the only

⁴⁷ 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.

⁴⁸ *Original Determination*, USITC Pub. 3606, at 7. In the original determination, the Commission provided historical information concerning federal regulatory oversight of the use of saccharin. In the aftermath of a study that found saccharin to be a cancer-causing agent in rats, the U.S. Food and Drug Administration (“FDA”) banned the use of saccharin in food and beverages in 1977. *Id.* at 6. Shortly thereafter, Congress lifted the ban, but subjected the sale of saccharin to certain requirements. In particular, the Saccharin Study and Labeling Act, renewed through May 1997, mandated that health warning labels be placed prominently on all products containing saccharin. *Id.* After further study, evidence supported the conclusion that saccharin does not cause cancer in humans, and thereafter the FDA approved saccharin for general use. *Id.* On December 21, 2000, President Clinton signed the SWEETEST Act, which removed the warning label on all products containing saccharin. *Id.*

The large packaged-soft-drink manufacturers, such as Coca Cola and Pepsi, switched from saccharin to aspartame in their products that were bottled for retail sale in 1983, six years after the Saccharin Study and Labeling Act of 1977 requiring a warning label on products containing saccharin took effect. *Id.* However, because of the limited shelf life of aspartame, the large packaged-soft-drink manufacturers continued to use saccharin in beverages placed in dispensers, which did not require a warning label. *Id.*

⁴⁹ *Original Determination*, USITC Pub. 3606, at 7.

⁵⁰ *Original Determination*, USITC Pub. 3606, at 7.

⁵¹ *Original Determination*, USITC Pub. 3606, at 7.

⁵² *First Five-Year Review*, USITC Pub. 4077, at 14.

domestic saccharin producer.⁵³ It found that PMC ceased production of saccharin by the Maumee process in July 2006 and introduced in 2008 a re-engineered saccharin process using ***.⁵⁴ It also observed that, among the five principal saccharin producers in China, only Shanghai Fortune had received a zero duty deposit rate in its most recent administrative review at Commerce.⁵⁵

Subject Import Volume. In the original determination, the Commission found that the volume and market share of subject imports increased substantially throughout the POI, with the quantity of subject imports more than doubling.⁵⁶ It also found that the subject imports had realized their market share gains primarily at the expense of the domestic industry as opposed to nonsubject imports.⁵⁷ Accordingly, it found that the volume of subject imports was significant both in absolute terms and relative to production and consumption in the United States and that the increase in that volume was significant.⁵⁸

In the first five-year review, the Commission found that subject imports maintained a growing and significant presence in the U.S. market even with the order in place.⁵⁹ It observed that the domestic industry lost even more market share during the review period than it did in the original investigation, in large part due to ***, and that most of the domestic industry's market share losses were due to subject imports.⁶⁰ It also found that the volume of subject imports would likely be significant if the order were revoked for several reasons, including the fact that subject producers possessed more excess capacity and were even more export oriented during the review period than in the original investigation.⁶¹ Given these considerations, it found that Chinese subject producers had the capability to increase exports to the United States and would have the incentive to do so, particularly in light of the fact that the United States was an attractive market for subject imports because of the prevailing higher prices for saccharin in the United States than in other markets.⁶²

Price Effects. In the original determination, the Commission found that there was significant underselling by subject imports because they undersold the domestic product in all quarters and for all five product categories for which price comparisons were available.⁶³ It found that subject imports had significant price-suppressing effects; PMC's inability to increase prices to meet rising costs was due to a significant degree to the increased volume of low-

⁵³ *First Five-Year Review*, USITC Pub. 4077, at 15.

⁵⁴ *First Five-Year Review*, USITC Pub. 4077, at 15.

⁵⁵ *First Five-Year Review*, USITC Pub. 4077, at 16.

⁵⁶ *Original Determination*, USITC Pub. 3066, at 8.

⁵⁷ *Original Determination*, USITC Pub. 3066, at 8.

⁵⁸ *Original Determination*, USITC Pub. 3066, at 8.

⁵⁹ *First Five-Year Review*, USITC Pub. 4077, at 17.

⁶⁰ *First Five-Year Review*, USITC Pub. 4077, at 17; *First Five-Year Review*, Confidential Views at 24 (EDIS Doc. No. 403842).

⁶¹ *First Five-Year Review*, USITC Pub. 4077, at 18.

⁶² *First Five-Year Review*, USITC Pub. 4077, at 18.

⁶³ *Original Determination*, USITC Pub. 3606, at 9.

priced subject imports.⁶⁴ It also found some evidence of price depression on the record, as domestic prices for two pricing products fell during the period of investigation, while subject import volumes increased.⁶⁵ In light of the large and increasing volumes of subject imports over the period, significant underselling, evidence of price suppression and depression, and confirmed lost sales allegations, the Commission found that subject imports had significant adverse price effects.⁶⁶

In the first five-year review, the Commission found that subject imports would likely have a significant effect on prices for the domestic like product if the order were revoked. It found that the predominant underselling by subject imports even with the order in place, together with the significant underselling during the original investigation, indicated that underselling was likely to be significant if the order were revoked.⁶⁷ It observed that the U.S. market was attractive for subject imports because of the relatively high prices for saccharin in the United States compared to other markets.⁶⁸ In light of these considerations, it found that the likely significant quantities of low-priced subject imports would likely be priced aggressively to gain market share if the order were revoked.⁶⁹ It concluded that, at the likely significant volumes, the subject imports would have been likely to have significant depressing or suppressing effects on prices for the domestic product.⁷⁰

Impact. In the original investigation, the Commission found that by gaining significant market share in a growing U.S. market at the expense of PMC, low-priced subject imports had a significant adverse impact on the domestic industry.⁷¹ This adverse impact was reflected by PMC's declining levels of shipments, production, sales, and employment, combined with increasing inventories and lack of profitability.⁷² It also found that any problems PMC had with delivery and quality were limited in scope and did not detract from the significant adverse impact of the subject imports on the domestic industry.⁷³

In the first five-year review, the Commission stated that, due to the continual revisions to PMC's production process and production projections during the POR, it was unable to determine whether the domestic industry was vulnerable to the continuation or recurrence of material injury if the antidumping duty order were revoked.⁷⁴ Nonetheless, it found that most of the domestic industry's financial performance indicia declined during the POR, including production, capacity, capacity utilization, and shipments.⁷⁵ It also found that the domestic

⁶⁴ *Original Determination*, USITC Pub. 3606, at 9.

⁶⁵ *Original Determination*, USITC Pub. 3606, at 9.

⁶⁶ *Original Determination*, USITC Pub. 3606, at 9.

⁶⁷ *First Five-Year Review*, USITC Pub. 4077, at 20.

⁶⁸ *First Five-Year Review*, USITC Pub. 4077, at 20.

⁶⁹ *First Five-Year Review*, USITC Pub. 4077, at 20.

⁷⁰ *First Five-Year Review*, USITC Pub. 4077, at 20.

⁷¹ *Original Determination*, USITC Pub. 3606, at 9-11.

⁷² *Original Determination*, USITC Pub. 3606, at 9-11.

⁷³ *Original Determination*, USITC Pub. 3606, at 12.

⁷⁴ *First Five-Year Review*, USITC Pub. 4077, at 21.

⁷⁵ *First Five-Year Review*, USITC Pub. 4077, at 21.

industry experienced operating losses virtually throughout the POR.⁷⁶ It observed that the domestic industry also experienced employment declines in terms of the number of workers, hours worked, and worker productivity.⁷⁷ Given the likelihood of significant subject import volume and adverse price effects, it concluded that revocation of the antidumping duty order would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.⁷⁸

C. Conditions of Competition and the Business Cycle in the Current Review

In evaluating the likely impact of the subject imports on the domestic industry if an order were to be revoked, 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.”⁷⁹ The following conditions of competition inform our determinations.

1. Demand Conditions

As in the original investigation and first five-year review, U.S. demand for saccharin depends on the demand for U.S.-produced downstream products that use it as an input.⁸⁰ Saccharin is used primarily as a table-top sweetener (such as in Sweet’N Low®).⁸¹ Saccharin also is used in various consumer, agricultural, and industrial applications, including soft drinks, personal care products, pharmaceuticals, certain foods, animal feed, herbicides, and metal-working fluids.⁸² The record indicates that saccharin generally accounts for a small share of the cost of the end-use products in which it is used.⁸³ Market participants identified substitute products for saccharin, including alternative artificial sweeteners.⁸⁴

Although it fluctuated during the POR, apparent U.S. consumption of saccharin began and ended the period at approximately the same level. It was *** pounds in 2009, *** pounds

⁷⁶ *First Five-Year Review*, USITC Pub. 4077, at 22.

⁷⁷ *First Five-Year Review*, USITC Pub. 4077, at 22.

⁷⁸ *First Five-Year Review*, USITC Pub. 4077, at 22.

⁷⁹ 19 U.S.C. § 1675a(a)(4).

⁸⁰ CR/PR at II-1.

⁸¹ CR at II-9; PR at II-5.

⁸² CR at II-9; PR at II-5.

⁸³ In their questionnaire responses, purchasers reported cost shares for saccharin in end uses such as table top sweeteners, personal care products, and pharmaceutical products ranging from less than 1 percent to 5.0 percent. CR at II-10; PR at II-6. One purchaser reported a cost share for saccharin of 12 percent when used as an additive for nickel plating, and one importer reported a cost share of 25 percent in table top sweeteners. *Id.*

⁸⁴ ***, 9 of 16 importers, and 3 of 10 purchasers reported that other products can be substituted for saccharin. CR at II-12; PR at II-7. Reported substitutes include sucralose, aspartame, acesulfame-K, stevia, and neotame. *Id.*

in 2010, *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014.⁸⁵

2. Supply Conditions

Since the original investigation and first five-year review, the domestic industry has undergone several important structural changes. As discussed above, in the original investigation and first five-year review, PMC was the sole domestic producer of saccharin.⁸⁶ In this second five-year review, there were two domestic saccharin producers, PMC and ACD. During the POR, ACD accounted for *** percent of domestic saccharin production, and PMC accounted for *** percent.⁸⁷ Production by the two U.S. producers was intermittent; in fact, in only three of the six years of the POR did both producers manufacture any saccharin.⁸⁸

PMC produces saccharin at its facility in Cincinnati, Ohio.⁸⁹ PMC's saccharin production was ***.⁹⁰ ***.⁹¹

As discussed above, ACD is a U.S. toll producer of saccharin via its tolling arrangement with Kinetic.⁹² ACD produces saccharin at its facility in Burlington, New Jersey.⁹³ During the POR, ACD's saccharin production was ***,⁹⁴ ***.⁹⁵ During the POR, most of the subject merchandise from China (*** percent) was exported by subject producer Shanghai Fortune,⁹⁶ whose exports have been subject to a zero duty deposit rate from Commerce since 2007.⁹⁷ Shanghai Fortune also supplied ***,⁹⁸ ***.⁹⁹

⁸⁵ CR/PR at Table C-1.

⁸⁶ *Original Determination*, USITC Pub. 3606, at 7; *First Five-Year Review*, USITC Pub. 4077, at 15.

⁸⁷ CR/PR at Table I-8.

⁸⁸ CR at Table III-3.

⁸⁹ CR/PR at Table III-1.

⁹⁰ PMC's saccharin production was *** pounds in 2009 and 2010, *** pounds in 2011 and 2012, *** pounds in 2013, and *** pounds in 2014. CR/PR at Table III-3.

⁹¹ CR at I-36 & III-4; PR at I-23 & III-2; CR/PR at Table III-1. *** CR/PR at Table I-1 n.3; CR at I-24 n.40; PR at I-17 n.40.

⁹² Kinetic uses ACD to toll produce spray-dried saccharin for sale by Kinetic. CR/PR at II-1. *** CR at I-31; PR at I-20. Kinetic was an importer of saccharin from China during the first five-year review. *See e.g.*, Kinetic Prehearing Br. at 18

⁹³ CR/PR at Table I-8.

⁹⁴ ACD's saccharin production was *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014. CR/PR at Table III-3.

⁹⁵ CR at III-2-3; PR at III-2.

⁹⁶ CR at II-6 n.8; PR at II-4 n.8.

⁹⁷ CR/PR at Table I-2.

⁹⁸ CR at I-31; PR at I-20.

⁹⁹ CR/PR at Table I-9.

Nonsubject imports supplied the majority of apparent U.S. consumption throughout the POR.¹⁰⁰ Major nonsubject sources include Korea, India, and Taiwan.¹⁰¹

3. Substitutability

The majority of market participants indicated that the domestic like product and subject imports were always or frequently interchangeable.¹⁰² Nevertheless, the majority of purchasers also reported that differences other than price were always or frequently significant in purchasing decisions between the domestic like product, on the one hand, and either subject or nonsubject imports, on the other.¹⁰³ A relatively small number of purchasers provided comparisons between the domestic like product and either subject or nonsubject imports.¹⁰⁴ As discussed further below in section III.D.2., the fact that different types of purchasers purchase the domestic like product and the subject imports for different applications limits the actual substitutability of the products.

¹⁰⁰ The market share of nonsubject imports was *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-1.

¹⁰¹ CR at II-8 n.14; PR at II-8 n.14. Kinetic claims that subject producers from China are transshipping saccharin through India, Indonesia, and Taiwan. At the hearing, however, counsel for Kinetic acknowledged that both Commerce and Customs have declined to investigate Kinetic's transshipment allegations. Hearing Tr. at 10 and 66-67 (Perry). Where there are issues concerning possible circumvention or transshipment, the Commission ordinarily defers to Commerce or Customs, if either has made such a ruling. See *Steel Wire Garment Hangers from Taiwan*, Inv. No. 731-TA-1197 (Final), USITC Pub. 4363 at 6 n.22 (Nov. 2012). Absent such a ruling from Commerce or Customs, we decline to give weight to Kinetic's unsubstantiated allegations.

¹⁰² CR/PR at Table II-9.

¹⁰³ CR/PR at Table II-11.

¹⁰⁴ Three purchasers compared the domestic like product and subject imports, and two compared the domestic like product and nonsubject imports. By contrast, eight purchasers compared subject and nonsubject imports. CR/PR at Table II-8.

D. Revocation of the Antidumping Order is Not Likely to Lead to the Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

During the POR, the volume of subject imports from China was significant even with the antidumping duty order in place.¹⁰⁵ The market share of subject imports was *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014.¹⁰⁶ As discussed above, virtually all (*** percent) of the subject merchandise was exported by subject producer Shanghai Fortune,¹⁰⁷ whose exports were subject to a zero duty deposit rate from Commerce throughout the POR.¹⁰⁸

We find that subject import volumes are likely to increase from their already significant levels upon revocation of the order. There are at least *** other subject producers in China (currently subject to duty deposit rates well above zero), including several possessing production capacity comparable to or larger than that of Shanghai Fortune.¹⁰⁹ Also, the saccharin industry in China is export oriented and appears to have excess capacity.¹¹⁰

Notwithstanding the fact that there are likely to be significant and increased subject import volumes upon revocation of the order, we find for the reasons stated below that subject imports are not likely to have significant adverse price effects nor a significant adverse impact on the domestic industry.

2. Likely Price Effects

The record in this review indicates that most purchasers perceive price to be an important factor in purchasing decisions.¹¹¹ Nevertheless, the record also indicates that price does not appear to play a major role in domestic industry sales for several reasons. First, during the POR, domestically produced saccharin was sold under different conditions of sale than

¹⁰⁵ Subject imports from China were *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014. CR/PR at Table IV-1.

¹⁰⁶ CR/PR at Table C-2.

¹⁰⁷ CR at II-6 n.8; PR at II-4 n.8.

¹⁰⁸ CR/PR at Table I-2.

¹⁰⁹ The *** other subject producers are: ***. CR/PR at Table IV-6.

¹¹⁰ CR at IV-13; PR at IV-10; CR/PR at Tables IV-5 & IV-7.

¹¹¹ Most purchasers ranked quality as the most important factor in purchasing decisions and ranked price as the second and third most important factors in purchasing decisions. CR/PR at Table II-5. With respect to the importance of price in purchasing decisions, nine purchasers reported that it was “very important,” three purchasers reported that it was “somewhat important,” and no purchasers reported that it was “not important.” CR/PR at Table II-6.

those for imported saccharin. Although the domestic like product was sold exclusively via spot sales, imported saccharin was generally sold via annual contracts.¹¹²

Second, the domestic like product was sold in different channels of distribution than either subject or nonsubject imports. During most of the POR, both subject and nonsubject imports were sold overwhelmingly to end users, while the domestic like product was sold predominantly to distributors.¹¹³ In particular, Kinetic sold *** to *** throughout the POR¹¹⁴ and, therefore, was not competing for sales to the same group of customers – end users – to which subject imports were sold overwhelmingly for most of the POR. As for PMC, it sold ***.¹¹⁵

This lack of competition during the POR between the domestic like product and subject imports for sales to end users is corroborated by available data concerning the end users of saccharin. The end users, which were also the largest purchasers,¹¹⁶ purchased overwhelmingly from imported sources during the POR, and they generally did not purchase domestically produced saccharin nor did they indicate a desire for a domestic source.¹¹⁷ None of the *** self-identified purchasers/end users purchased domestically produced product in 2014;¹¹⁸ instead, they all purchased subject and/or nonsubject product.¹¹⁹ These distinctions in terms of sale, channels of distribution, and customer bases lead us to find that, notwithstanding purchasers' general assessments of the importance of price in purchasing decisions, actual price competition between the domestic like product and the subject imports is extremely limited.¹²⁰

While we acknowledge that subject import prices are likely to decline and are likely to be accompanied by a resumption of underselling upon revocation of the order, we nevertheless find that any resulting underselling would not likely be significant because it is unlikely to result

¹¹² In 2014, *** percent of U.S. producers' sales were via spot sales; importers' sales were *** percent via annual contracts and *** percent via spot sales. CR/PR at Table V-2.

¹¹³ The proportion of U.S. importers' U.S. commercial shipments of subject merchandise from China that were sold to end users ranged from *** percent to *** percent between 2009 and 2014, while their sales to distributors ranged from *** percent to *** percent. CR/PR at Table II-1. The percentage of U.S. producers' U.S. commercial shipments of the domestic like product that were sold to distributors was *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014; their sales to end users were *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014. *Id.*

¹¹⁴ CR at II-2; PR at II-1.

¹¹⁵ CR at III-5; PR at III-2; CR/PR at Table III-4. The record also indicates that PMC has been ***. CR at II-17 n.19; PR at II-10 n.19.

¹¹⁶ CR at I-33; PR at I-22.

¹¹⁷ CR/PR at Table I-10.

¹¹⁸ Two of the largest purchasers reported having no knowledge of domestic production since 2006. CR at II-17 n.19.

¹¹⁹ CR/PR at Table I-10.

¹²⁰ As previously stated, five out of seven purchasers reported that differences other than price were always or frequently significant in purchasing decisions between the subject imports and the domestic like product. CR/PR at Table II-11.

in either the displacement of domestic industry market share or significant changes in the domestic industry's prices. Displacement of the domestic industry's market share is unlikely because the subject imports and the domestic industry do not currently sell to the same set of customers, and the large end users to which the subject imports are likely to seek to increase sales upon revocation are not currently served by the domestic industry. By the same token, the determining factor in domestic industry sales during the POR appears to be its *** during the POR even with the order in place for the reasons described in section III.C.2. above, rather than its price levels. This is unlikely to change upon revocation given the extremely limited nature of price competition between the domestic like product and subject imports. While we recognize that there may be an incentive for subject producers upon revocation to offer lower prices to large purchasers such as end users and that this may affect prices charged by both nonsubject producers and subject producers currently in the U.S. market, we find that this is not likely to affect to a significant degree the prices that the domestic industry charges its distinct customer base, and therefore is unlikely to have a significant depressing or suppressing effect on the price of the domestic like product.¹²¹ Accordingly, we find that subject imports are not likely to have significant price effects within the reasonably foreseeable future if the order were revoked.

3. Likely Impact¹²²

By most measures, the domestic industry performed poorly during the POR. The industry's production and capacity utilization were *** and low throughout the POR.¹²³ The domestic industry's capacity utilization never exceeded *** percent, and it operated at utilization rates below *** percent for most of the POR.¹²⁴ The domestic industry's shipments

¹²¹ Commissioner Schmidlein notes that for ACD/Kinetic, even if, in theory, its prices to distributors may be affected by additional subject import competition, that would not be likely to result in significant price suppression or depression given its continued difficulty to provide a product demanded by U.S. purchasers of saccharin. In other words, additional subject imports will not change ACD/Kinetic's ability to compete in the U.S. market.

¹²² The statute additionally instructs 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). In its expedited second sunset review, Commerce determined that revocation of the antidumping duty order on saccharin from China would likely lead to a continuation or recurrence of dumping at dumping margins of 291.57 percent for Suzhou Fine Chemical Group Co., Ltd., 249.39 percent for Shanghai Fortune Chemical Co., Ltd., 281.97 percent for Kaifeng Xinhua Fine Chemical Factory, and 329.94 percent for the PRC-Wide Entity. *See Saccharin from the People's Republic of China: Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order*, 79 Fed. Reg. 51139 (Aug. 27, 2014).

¹²³ The domestic industry's capacity was constant throughout the POR at *** pounds. Its production was *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014. CR/PR at Tables III-3 & C-2.

¹²⁴ CR/PR at Tables III-3 & C-2. The industry's capacity utilization was *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014.

declined overall from their already low levels between 2009 and 2014.¹²⁵ Because of its anemic production and shipments, the domestic industry's market share also was low throughout the POR, ranging from *** percent to *** percent between 2009 and 2014.¹²⁶

Over the POR, the number of production and related workers ("PRWs") and total hours worked were constant,¹²⁷ whereas wages paid, hourly wages, and worker productivity all declined overall, with fluctuations.¹²⁸ Total net sales declined overall, with fluctuations during the POR on both a volume basis and a value basis.¹²⁹ The domestic industry was barely profitable between 2009 and 2011 and had operating losses in every year of the POR since 2012.¹³⁰ The industry made little capital investment.^{131 132}

The domestic industry's poor performance during the POR -- particularly its low production, market share, operating income, and employment -- reflected its ***. Given that the domestic industry's production efforts over the POR were of a *** (representatives of Kinetic described the stage of production at ACD as ***¹³³ and "mastering" or "perfecting")¹³⁴

¹²⁵ By quantity, U.S. producers' U.S. shipments were *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014. CR/PR at Table C-2. By value, U.S. producers' U.S. shipments were \$*** in 2009, \$*** in 2010, *** in 2011, \$*** in 2012, \$*** in 2013, and \$*** in 2014. *Id.* U.S. producers' end-of-period inventories fluctuated during the POR, but declined overall from *** pounds in 2009 to *** pounds in 2014. *Id.*

¹²⁶ The domestic industry's market share was *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014. CR/PR at Table C-2.

¹²⁷ The number of PRWs was constant, at *** workers, in every year of the POR. Total hours worked were *** hours for every year of the period except 2013 (when total hours worked were *** hours). CR/PR at Table III-8.

¹²⁸ Hourly wages were \$*** in 2009, \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, and \$*** in 2014. Total wages were \$*** in 2009, \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, and \$*** in 2014. Worker productivity was *** pounds per hour in 2009, *** pounds per hour in 2010, *** pounds per hour in 2011, *** pounds per hour in 2012, *** pounds per hour in 2013, and *** pounds per hour in 2014. CR/PR at Table C-2.

¹²⁹ On a quantity basis, total net sales were *** pounds in 2009, *** pounds in 2010, *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, and *** pounds in 2014. On a value basis, total net sales were \$*** in 2009, \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, and \$*** in 2014. CR/PR at Table C-2.

¹³⁰ The domestic industry reported operating income of \$*** in 2009, \$*** in 2010, and \$*** in 2011, before reporting operating losses of \$*** in 2012, \$*** in 2013, and \$*** in 2014. CR/PR at Table C-2. The domestic industry's operating income to net sales ratios were *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014. *Id.*

¹³¹ Capital expenditures were \$*** in 2009, \$*** in 2010, \$*** in 2011, \$*** in 2012, \$*** in 2013, and \$*** in 2014. See PMC and ACD Questionnaire Responses at III-13a.

¹³² We cannot determine whether the domestic industry is vulnerable, given its sporadic and limited production operations during the POR, and because of the distinct conditions of competition within this industry, as discussed herein.

¹³³ Hearing Tr. (Closed Session) at 121-22 (Boltuck).

¹³⁴ Hearing Tr. (Open Session) at 73 (Boltuck).

and were not noticeably affected by subject import volumes or prices, we cannot conclude that revocation of the order would lead to a significant change in the domestic industry's level of production.¹³⁵ PMC expressly *** continuation of the order and states that it would not be adversely affected if the order were revoked.¹³⁶ PMC also indicates that it is currently ***.¹³⁷ Consequently, the record indicates that PMC would likely continue its small-scale, batch production operations servicing niche (***) customers for its high-value product.

As discussed above, Kinetic is the tollee for ACD's saccharin production. Kinetic sold exclusively to distributors throughout the POR and therefore did not face significant price competition from subject imports, which were sold overwhelmingly to end users for most of the period. In addition, since entering the market in 2009, ACD, assisted by Kinetic, has been unable to master the technology required to produce saccharin efficiently using the new *** production process, and therefore its production was *** and low throughout the POR and limited to a single type of saccharin. Given ***,¹³⁸ the record in this current review does not clearly indicate that Kinetic has made extensive efforts to address the difficulties with ACD's production process. In fact, Kinetic acknowledges that these difficulties are likely to continue unless it is able to proceed with a planned expansion of the production facilities of ACD.¹³⁹

We find, however, that the record in the current review does not indicate that Kinetic's proposed expansion plans are likely to be implemented within the reasonably foreseeable future. First, the business plan submitted by Kinetic regarding the proposed expansion does not show that either Kinetic or ACD has taken more than token steps toward implementing the proposed expansion of ACD's facilities.¹⁴⁰ Among other things, Kinetic and ACD have not negotiated details of the financial arrangements for the expansion to date.¹⁴¹ Second, Kinetic has not made efforts to ascertain that there is an actual customer base for the planned expansion into crystal saccharin product,¹⁴² which is a concern given that the qualification

¹³⁵ While we make our determination based on the domestic industry as a whole, given the small number of domestic producers and distinct competitive conditions, we also have considered the performance of each producer individually.

¹³⁶ CR/PR at Table I-8; PMC Posthearing Br. at 3-4.

¹³⁷ CR at III-3 & n.6, PR at III-2 & n.6.

¹³⁸ ***. CR at III-26; PR at III-5. It reported only *** in capital expenditures for 2010 and *** for the remainder of the POR. CR/PR at Table III-11.

¹³⁹ See e.g., Kinetic Posthearing Br., Exh. 5; CR at III-25 n.21; PR at III-5 n.21.

¹⁴⁰ The business plan states that ACD has ***. See, e.g., Kinetic Posthearing Br., Exh. 5 & CR at III-26 n.24; PR at III-5 n.24.

¹⁴¹ The business plan indicates that negotiation would not occur until after renewal of the antidumping duty order. See e.g., Kinetic Posthearing Br., Exh. 5 & CR at II-4 to II-5 n.5; PR at II-3 n.5.

¹⁴² By its own admission, Kinetic has not performed market research concerning whether there is an actual customer base for its planned expansion into crystal saccharin product. See e.g., Kinetic Posthearing Br., Answers to Commissioners' Questions at 31 ("Mr. Lu has been involved in the crystal saccharin market for more than 20 years and thus is very aware of the different market segments and where U.S.-produced crystal saccharin could be sold. He knows the customers, the product and thus does not need a market plan or elaborate market research. His market plan is based on his past (Continued...)

process may take up to one year.¹⁴³ Third, the business plan is premised upon projections of continuous domestic price increases for saccharin; such projections appear unwarranted given fluctuations in market prices during the POR even with the order in place.¹⁴⁴ Fourth, Kinetic's business plan is dated three days *after* the Commission's March 31, 2015 hearing, thus suggesting that it was generated for purposes of this five-year review rather than in the ordinary course of business.¹⁴⁵ For the reasons listed above we were not presented sufficient evidence to find that the expansion would occur in the reasonably foreseeable future and would be a casualty of not renewing the order.¹⁴⁶ We consequently find that revocation of the order would not lead to any change to the sporadic saccharin production that ACD undertook on Kinetic's behalf during the POR.¹⁴⁷

For the above reasons, we find that, although there is likely to be a significant and increased volume of subject imports following revocation, they are unlikely to displace the domestic industry, which does not meaningfully participate in the market for large-volume customers that are likely to be of interest to subject imports. We find that these volumes are also unlikely to have significant price effects, as the domestic like product and subject imports engage in at most highly limited price competition. There would also be no likely significant impact on the domestic industry, which would likely continue the same limited scope of operations in which it has engaged with the order in place.

IV. Conclusion

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

(...Continued)

experience of more than 20 years in the saccharin market."); See also, Kinetic Posthearing Br., Answers to Commissioners' Written Public Questions at 1 ("... Mr. Lu knows the market and does not need to do market research for crystal saccharin.").

¹⁴³ See *e.g.*, CR at II-16; PR at II-10.

¹⁴⁴ See *e.g.*, Kinetic Posthearing Br., Exh. 5 & CR/PR at Tables V-3 to V-5.

¹⁴⁵ See *e.g.*, Kinetic Posthearing Br., Exh. 5. Even if the plan were prepared in the ordinary course of business, its implementation in the reasonably foreseeable future is unlikely, as we explain herein.

¹⁴⁶ CR/PR at Table III-2.

¹⁴⁷ See CR/PR at Table III-10. Kinetic asserts that the domestic industry would cease operations as a result of subject import competition if the antidumping order were to be revoked. See, *e.g.*, Kinetic Posthearing Br., Answers to Commissioners' Questions at 2, 6. We have previously discussed why PMC is likely to maintain operations. Kinetic's contention that it would cease operations cannot be reconciled with its experience during the POR of maintaining toll production at ACD in ***. Moreover, even assuming *arguendo* that Kinetic would likely cease operations after revocation, we cannot attribute this to the subject imports in light of its disinclination to serve large end-user accounts and its own production inefficiencies, even with the order in place.

PART I: INTRODUCTION

BACKGROUND

On May 1, 2014, 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 review(s) to determine whether revocation of the antidumping duty order on saccharin from China would likely lead to the continuation or recurrence of material injury to a domestic industry.^{2 3} On August 4, 2014, the Commission determined that it would conduct a full review pursuant to section 751(c)(5) of the Act.⁴ The following tabulation presents information relating to the background and schedule of this proceeding:⁵

¹ 19 U.S.C. 1675(c).

² *Saccharin From China: Institution of a Five-Year Review*, 79 FR 24749, May 1, 2014. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

³ In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 79 FR 24673, May 1, 2014.

⁴ *Saccharin From China: Notice of Commission Determination To Conduct a Full Five-Year Review*, 79 FR 47478, August 13, 2014. On August 4, 2014, the Commission determined that it should proceed to a full review in the subject five-year review pursuant to section 751 (c) of the Act. All six Commissioners concluded that the domestic group response for this review was adequate and that the respondent group response was inadequate, but that circumstances warranted a full review.

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

Effective date	Action
June 8, 2009	Commerce's continuation antidumping duty order on saccharin from China (74 FR 27089, June 8, 2009)
May 1, 2014	Commission's institution of five-year review (79 FR 24749, May 1, 2014)
May 1, 2014	Commerce's initiation of five-year review (79 FR 24673, May 1, 2014)
August 4, 2014	Commission's determinations to conduct full five-year review (79 FR 47478, August 13, 2014)
August 27, 2014	Commerce's final results of expedited five-year review of the antidumping duty order (79 FR 51139, August 27, 2014)
October 30, 2014	Commission's scheduling of the review (79 FR 66740)
March 31, 2015	Commission's hearing
May 7, 2015	Commission's vote
May 20, 2015	Commission's determination(s) and views

The original investigation

The original investigation resulted from a petition filed by PMC Specialty Group ("PMC"), Cincinnati, OH, on July 11, 2002, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of saccharin from China. Following notification of a final determination by Commerce that imports of saccharin from China were being sold at LTFV, the Commission determined in May 2003 that a domestic industry was materially injured by reason of LTFV imports of saccharin from China.⁶ Commerce published the antidumping duty order on saccharin from China on July 9, 2003.⁷

Subsequent five-year reviews

In May 2009, the Commission completed a full five-year review of the subject order and determined that revocation of the antidumping order on saccharin from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.⁸ Following affirmative determinations in the first five-

⁶ *Saccharin from China, Inv. No. 701-TA-1013 (Final)*, USITC Publication 3606 (June 2003).

⁷ *Notice of Antidumping Duty Order: Saccharin from the People's Republic of China*, 68 FR 40906, (July 9, 2003).

⁸ *Saccharin from China, Inv. No. 731-TA-1013 (Review)*, USITC Publication 4077 (May 2009).

year reviews by Commerce and the Commission,⁹ Commerce issued a continuation of the antidumping order on imports of saccharin from China, effective June 8, 2009.¹⁰

RELATED INVESTIGATIONS

Saccharin was the subject of previous Commission antidumping investigations in 1977 and 1993-94. In the 1977 investigations, the Commission determined that an industry in the United States was not injured or likely to be injured by reason of LTFV imports from Japan and Korea.¹¹ In the 1993-94 investigations, involving China and Korea, Commerce determined that there were no sales at LTFV of saccharin from Korea, and the Commission determined that an industry in the United States was not materially injured or threatened with material injury, and that the establishment of an industry in the United States was not materially retarded, by reason of LTFV imports of saccharin from China.¹²

SUMMARY DATA

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

⁹ *Saccharin from China: Determination*, 74 FR 26257, June 1, 2009; *Saccharin from the People's Republic of China: Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order*, 73 FR 59604, October 9, 2008.

¹⁰ *Continuation of Antidumping Duty Order on Saccharin from the People's Republic of China*, 74 FR 27089, June 8, 2009.

¹¹ *Saccharin from Japan and the Republic of Korea*, Invs. No. AA-1921-174 and 175, USITC Publication 846, (December 1977). Sherwin-Williams Co. (whose saccharin production unit was subsequently purchased by PMC, the petitioner in the 2002 investigation) filed the complaint which led to these investigations.

¹² *Saccharin from China*, Inv. No. 731-TA-675 (Final), USITC Publication 2824 (December 1994). PMC was the petitioner in these investigations.

Table I-1

Saccharin: Comparative data from the original investigation, the first five-year review, and current five-year review, 2000-14

Item	Original investigation			First review					
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Quantity (1,000 pounds)									
U.S. consumption quantity	***	***	***	***	***	***	***	***	***
Share of quantity (percent)									
Share of U.S. consumption: U.S. producers' share ¹	***	***	***	***	***	***	***	***	***
U.S. importers' share: China ^{1,2}	***	***	***	***	***	***	***	***	***
All other sources ¹	***	***	***	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***	***	***	***
Value (1,000 dollars)									
U.S. consumption value	***	***	***	***	***	***	***	***	***
Share of value (percent)									
Share of U.S. consumption: U.S. producers' share ¹	***	***	***	***	***	***	***	***	***
U.S. importers' share: China ^{1,2}	***	***	***	***	***	***	***	***	***
All other sources ¹	***	***	***	***	***	***	***	***	***
Total imports ¹	***	***	***	***	***	***	***	***	***
Quantity (1,000 pounds); value (1,000 dollars); and unit value (dollars per pound)									
U.S. imports from China: ²									
Quantity	1,409	2,598	3,546	15	3	2	226	1,115	2,951
Value	2,353	4,011	5,574	26	8	13	736	3,433	28,863
Unit value	\$1.67	\$1.54	\$1.57	\$1.72	\$2.70	\$7.03	\$3.26	\$3.08	\$9.78
All other sources:									
Quantity	1,363	1,490	1,767	2,982	3,937	4,608	4,275	4,931	5,396
Value	2,963	3,195	3,497	6,795	10,211	14,297	13,315	15,705	55,618
Unit value	\$2.17	\$2.14	\$1.98	\$2.28	\$2.59	\$3.10	\$3.11	\$3.18	\$10.31
All sources:									
Quantity	2,772	4,088	5,313	2,997	3,940	4,610	4,501	6,046	8,346
Value	5,316	7,206	9,071	6,821	10,219	14,310	14,050	19,137	84,481
Unit value	\$1.92	\$1.76	\$1.71	\$2.28	\$2.59	\$3.10	\$3.12	\$3.17	\$10.12

Table continued on next page.

Table I-1--Continued

Saccharin: Comparative data from the original investigation, the first five-year review, and current five-year review, 2000-14

Item	Second Review					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
U.S. consumption quantity	***	***	***	***	***	***
Share of quantity (percent)						
Share of U.S. consumption: U.S. producers' share	***	***	***	***	***	***
U.S. importers' share: China	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
Value (1,000 dollars)						
U.S. consumption value	***	***	***	***	***	***
Share of quantity (percent)						
Share of U.S. consumption: U.S. producers' share	***	***	***	***	***	***
U.S. importers' share: China	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Total imports	***	***	***	***	***	***
Quantity (1,000 pounds); value (1,000 dollars); and unit value (dollars per pound)						
U.S. importers' U.S. shipments of imports from China:						
Quantity	1,485	1,317	1,339	1,773	2,285	1,441
Value	11,601	7,338	6,498	6,763	9,079	6,421
Unit value	\$7.81	\$5.57	\$4.85	\$3.81	\$3.97	\$4.46
All other sources:						
Quantity	3,182	4,744	4,492	3,446	2,872	3,723
Value	24,965	23,946	22,988	15,452	13,269	17,697
Unit value	\$7.85	\$5.05	\$5.12	\$4.48	\$4.62	\$4.75
All sources:						
Quantity	4,667	6,061	5,831	5,219	5,157	5,164
Value	36,566	31,284	29,486	22,215	22,348	24,118
Unit value	\$7.84	\$5.16	\$5.06	\$4.26	\$4.33	\$4.67

Table continued on next page.

Table I-1--Continued

Saccharin: Comparative data from the original investigation, the first review, and current five-year review, 2000-14

* * * * *

¹ In percent.

² Data for China and from all other countries in the original investigation and in the first review are official import statistics rather than questionnaire shipments of imports data.

³ ***.

⁴ Not applicable.

⁵ ***.

Source: Compiled from data submitted in PMC's U.S. producer questionnaire response and from official import statistics of the U.S. Department of Commerce in the both the original investigation and the first five-year review, and compiled from data submitted in response to Commission questionnaires for the current second five-year review.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory criteria

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

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

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

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

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

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

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

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the

subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

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

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

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

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

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

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

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

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

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

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

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

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

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider

information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

Organization of report

Information obtained during the course of the review that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for saccharin and an alternate product, sucralose, as collected in the review is presented in appendix C. U.S. industry data are based on the questionnaire responses of two U.S. producers of saccharin that are believed to have accounted for all of domestic production of saccharin in 2014. U.S. import data and related information are based on the questionnaire responses of 17 U.S. importers of saccharin that are believed to have accounted for 98.4 percent of the total subject U.S. imports during 2009-14. Foreign industry data and related information are based on the questionnaire response of one producer of saccharin that accounted for approximately *** percent of total production of saccharin in China in 2014 and *** percent of exports to the United States in 2014. Responses by U.S. producers, importers, purchasers, and foreign producers of saccharin to a series of questions concerning the significance of the existing antidumping duty order and the likely effects of revocation of the order are presented in appendix D.

COMMERCE’S REVIEWS

Administrative reviews¹³

Commerce has completed four administrative reviews of the outstanding antidumping duty orders on saccharin from China.¹⁴ The results of the administrative reviews are shown in table I-2.

¹³ Commerce has not issued any scope rulings or findings of duty absorption over the history of this order.

¹⁴ For previously reviewed or investigated companies not included in an administrative review, the cash deposit rate continues to be the company-specific rate published for the most recent period.

Table I-2**Saccharin: Administrative reviews of the antidumping duty order for China**

Date results published	Period of review	Producer or exporter	Margin (percent)
71 FR 7515 (February 13, 2006)	12/27/2002-6/30/2004	Shanghai Fortune Chemical Co., Ltd. All others	17.05 329.33
72 FR 51800 (September 11, 2007)	7/1/2005-6/30/2006	Shanghai Fortune Chemical Co., Ltd. All others	0.00 329.33
75 FR 43146 (July 23, 2010)	7/1/2008-6/30/2009	PRC-wide entity	329.94
77 FR 48966 (August 15, 2012)	7/1/2010-6/30/2011	PRC-wide entity	329.94
Note.--The all other rate includes: Suzhou Fine Chemicals Group Co., Kaifeng Xinghua Fine Chemical Factory, Tianjin North Food, Tianjin Changjie Chemical Co., Ltd., and Geta Udyog Ltd. (71 FR 77515, February 13, 2006). Beta Udyog ***. As part of the first annual administrative review (69 FR 52857, August 30, 2004), PMC requested that Commerce review entries from several foreign exporters/producers, including Beta Udyog. Beta Udyog did not respond to Commerce's request for information and Commerce issued its determination including Beta Udyog under the order.			

Source: Cited Federal Register notices.

Changed circumstances reviews

Commerce has conducted one changed circumstances review with respect to saccharin from China. PMC, petitioner in the underlying investigation, requested Commerce to revoke the antidumping duty order on saccharin from China. PMC claimed that as the sole domestic producer of saccharin, it no longer had an interest in the saccharin antidumping duty order. Kinetic Industries, who claimed to produce saccharin through a third-party toller in the United States, opposed PMC's request for a *Changed Circumstances Review*. However, PMC failed to respond to Commerce's changed-circumstances questionnaire. As a result, Commerce was unable to determine whether PMC represented "substantially all of the production of the domestic like product." As a consequence, Commerce notified the public of its intent not to revoke the antidumping duty order of saccharin from China.¹⁵

Five-year reviews

Commerce has issued the final results of its expedited review with respect to China.¹⁶ Table I-3 presents the dumping margins calculated by Commerce in its original investigation, first review, and current five-year review.

¹⁵ *Saccharin from the People's Republic of China: Final Results of Changed Circumstances Review*, 75 FR 7566 (February 22, 2010).

¹⁶ *Saccharin from the People's Republic of China: Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order*, 79 FR 51139, August 27, 2014.

Table I-3
Saccharin: Commerce’s original, first, and second five-year dumping margins for producers/exporters in China

Producer/exporter	Original margin¹ (percent)	First five-year review margin² (percent)	Second five-year review margin³ (percent)
Suzhou Fine Chemical Group Co., Ltd.	291.57	291.57	291.57
Shanghai Fortune Chemical Co., Ltd.	249.39	249.39	249.39
Kaifeng Xinhua Fine Chemical Factory	281.97	281.97	281.97
All others	329.94	329.94	329.94

¹ Notice of Final Determination of Sales at Less Than Fair Value: Saccharin from the People’s Republic of China, 68 FR 27530, May 30, 2003; Notice of Amended Final Determination of Sales at Less Than Fair Value: Saccharin from the People’s Republic of China, 68 FR 35383, June 13, 2003; Notice of Antidumping Duty Order: Saccharin from the People’s Republic of China, 68 FR 40906, July 9, 2003.

² Saccharin from the People’s Republic of China: Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order, 73 FR 59604, October 9, 2008.

³ Saccharin from the People’s Republic of China: Notice of Final Results of Expedited Sunset Review of Antidumping Duty Order, 79 FR 51139, August 27, 2014.

Source: Cited Federal Register Notices. Commerce’s notice of final results of expedited second five-year review is presented in app. A.

THE SUBJECT MERCHANDISE

Commerce’s scope

Commerce has defined the scope of this investigation as follows:

Saccharin is defined as a non-nutritive sweetener used in beverages and foods, personal care products such as toothpaste, table top sweeteners, and animal feeds. It is also used in metalworking fluids. There are four primary chemical compositions of saccharin: (1) sodium saccharin (American Chemical Society Chemical Abstract Service (“CAS”) Registry 128-44-9); (2) calcium saccharin (CAS Registry 6485-34-3); a (3) acid (or insoluble) saccharin (CAS Registry 81-07-2); and (4) research grade saccharin. Most of the U.S. –produced and imported grades of saccharin from the PRC are sodium and calcium saccharin, which are available in granular, powder, spray-dried powder, and liquid forms. The merchandise subject to this order is currently classifiable under subheading 2925.11.00 of the harmonized Tariff Schedule of the United States (“HTSUS”) and includes all types of saccharin imported under this HTSUS subheading, including research and specialized grades. Although the HTSUS subheading is provided for convenience and customs purposes, the Department’s written description of the scope of this order remains dispositive.¹⁷

¹⁷ Saccharin From the People’s Republic of China: Final Results of Expedited Second Sunset Review of Antidumping Duty Order, 79 FR 51139, August 27, 2014.

Tariff treatment

Saccharin is classifiable in the Harmonized Tariff Schedule of the United States (“HTS”) under subheading 2925.11.00. Table I-4 presents current tariff rates for saccharin.

Table I-4
Saccharin: Tariff rates, 2015

HTS provision	Article and description	General ¹	Special ²	Column 2 ³
		Rates		
2925	Carboxyimide-function compounds (including saccharin and its salts) and imine-function compounds: Imides and their derivatives; salts thereof:			
2925.11.00	Saccharin and its salts	6.5 %	Free (A, AU, BH, CA, CL, CO, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	15.4¢/kg + 61%

¹ Normal trade relations, sometimes referred to as the most-favored-nation duty rate.
² Special rates apply to eligible imports of saccharin and its salts from certain trading partners of the United States as follows: A (GSP) (currently not in effect); AU (United States-Australia Free Trade Agreement); BH (United States-Bahrain Free Trade Agreement Implementation Act); CA and MX (North American Free Trade Agreement); CL (United States-Chile Free Trade Agreement); CO (United States-Colombia Trade Promotion Agreement Implementation Act); E (Caribbean Basin Economic Recovery Act); IL (United States-Israel Free Trade Area); JO (United States-Jordan Free Trade Area Implementation Act); KR (United States-Korea Trade Promotion Agreement Implementation Act); MA (United States-Morocco Free Trade Agreement Implementation Act); OM (United States-Oman Free Trade Agreement Implementation Act); P (Dominican Republic-Central America-United States Free Trade Agreement Implementation Act); PA (United States-Panama Trade Promotion Agreement Implementation Act); PE (United States-Peru Trade Promotion Agreement Implementation Act); SG (United States-Singapore Free Trade Agreement). China is not eligible for any special duty rates.
³ Applies to imports from a small number of eligible countries that do not enjoy normal trade relations duty status.

Source: Harmonized Tariff Schedule of the United States (2015).

THE PRODUCT

Description and applications¹⁸

Saccharin is a chemical additive made from petroleum-based organic chemicals that is used primarily as a sweetener. First synthesized in 1879, it has been used in the United States as a sugar substitute since 1885, primarily in foods and beverages (added during production or personally added at the time of consumption) and in personal care products such as toothpaste

¹⁸ The information in this section is drawn in part from *Confidential Staff Report, Saccharin from China, (investigation No. 731-TA-1013 (Review)) (“First Review CSR”)*, April 22, 2009, pp. I-11-I-14.

and mouthwash. By weight, it is about 300 times sweeter than sugar. End users in the foods and beverages markets include mostly soft drink manufacturers and manufacturers of table-top sweetener packets for restaurants, airlines, and other firms serving beverages to the public.

Saccharin is also used as an additive in adhesives and in metalworking fluids to facilitate electroplating. The auto and auto parts industries consume saccharin in electroplating chrome bumpers and accessories. In addition, saccharin is used in pharmaceuticals, animal feed, tobacco, and food mixes.

Three chemical variations of saccharin are generally available: (1) sodium saccharin, which accounts for the bulk of U.S. consumption and which is available in granular, powder, spray-dried powder, or liquid form; (2) calcium saccharin; and (3) acid, or insoluble, saccharin.¹⁹ Most saccharin imported from China is sodium saccharin, as is most saccharin produced in the United States.²⁰ Before purchasing, most users either require a certificate of analysis or conduct their own tests for purity and for adherence to Food and Drug Administration (FDA) specifications outlined in the Food Chemical Codex and the United States Pharmacopeia. Saccharin that meets these standards is known in the market as “food grade,” and saccharin of this quality is required for virtually all uses other than adhesive production and electroplating. Both U.S.- and Chinese-produced saccharin is marketed as “food grade.”

Beginning in the late 1970s and continuing until 2000, products containing saccharin were mandated to carry health warning labels following the release of a study that found saccharin to be a cancer-causing agent in rats.²¹ After further study supported the conclusion that saccharin does not cause cancer in humans, President Clinton on December 21, 2000, signed the SWEETEST Act, which removed the warning label on all products using saccharin.²²

With the lifting of the warning label and the growing use of sweetener blends, the petitioner in the original investigation stated that food formulators have used saccharin with other sweeteners, such as aspartame,²³ to create cost-effective taste profiles in products

¹⁹ First Review CSR, p. I-12.

²⁰ See Parts III and IV of this report.

²¹ The FDA banned the use of saccharin in food and beverages in 1977. Shortly thereafter, Congress imposed a moratorium on the ban, but subjected the sale of saccharin to certain requirements through the Saccharin Study and Labeling Act.

²² First Review CSR, p. I-13.

²³ Aspartame is produced by a completely different chemical process and, other than being synthesized from organic compounds, bears no chemical relationship to saccharin. It is about 200 times sweeter than sugar and is no longer produced in the United States. “NutraSweet to Exit Aspartame Business Segment by Yearend,” Business Wire, September 24, 2014, www.businesswire.com/news/home/20140924005622/en/NutraSweet-exit-aspartame-business-segment-yearend. Aspartame’s more-natural sweetener taste is its major advantage over saccharin in the marketplace, but it is 10 to 15 times more expensive than saccharin (on a sugar-equivalency basis). Hearing transcript of the final investigation, p. 24. Aspartame is used in two of saccharin’s major markets—packaged (nonfountain) soft drinks and table-top sweeteners—but is not used in some saccharin end-use applications such as electroplating, adhesives, and chemical intermediaries.

(continued...)

prepared for retail sale.²⁴ Adding saccharin to blends reduces the total cost of the sweetener product since most other sweeteners are more expensive than saccharin.²⁵ The amount of saccharin used in the blends varies from product to product depending on the desired food taste requirements.

Manufacturing processes

The primary producers of saccharin for the global market manufacture saccharin by one of three processes: the Remsen-Fahlberg process, the Maumee process, and ***.²⁶

Remsen-Fahlberg process

Commercial production of saccharin using this batch-production process began in the late 19th century and is used currently by JMC Corp. of Korea and reportedly in India and other countries.²⁷ It is unclear whether ***.²⁸

There is no evidence that any current U.S. producer has used this process.²⁹ ***.³⁰

(...continued)

According to the petitioner in the original investigation, saccharin's association with cancer and the related warnings had a negative impact in some market sectors in the late 1980s, particularly the packaged-soft-drink market, and was a factor in helping aspartame displace sales. However, because of the limited shelf life of aspartame, packaged-soft-drink manufacturers continued to use saccharin in their products for use in fountain drinks.

²⁴ First Review CSR, p. I-13.

²⁵ Ibid., p. I-14.

²⁶ ***.

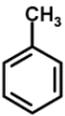
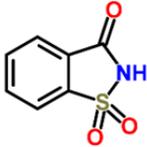
²⁷ Conference transcript from the original investigation, p. 21; petition, p. 4; ***; JMC Corporation, "JMC: Global Leaders in High-Purity Saccharin Production," n.d., http://www.dksh.co.uk/data/docs/download/134381/en_GB/JMC-High-Purity-Saccharin-Production-pdf.pdf. This process may be used by Vishnu Chemicals of India because of Vishnu's use of chromium chemicals in other applications. Vishnu Chemicals, "About Us," http://www.vishnuchemicals.com/about_us.htm (accessed February 25, 2015).

²⁸ ***.

²⁹ *Saccharin from China*, USITC Publication No. 4077 (May 2009), p. I-10; Ronald L. Pearson, "Saccharin," in *Alternative Sweeteners*, 3rd ed., ed. Lyn O'Brien Nabors (New York: Marcel Dekker, 2001), pp. 148-149.

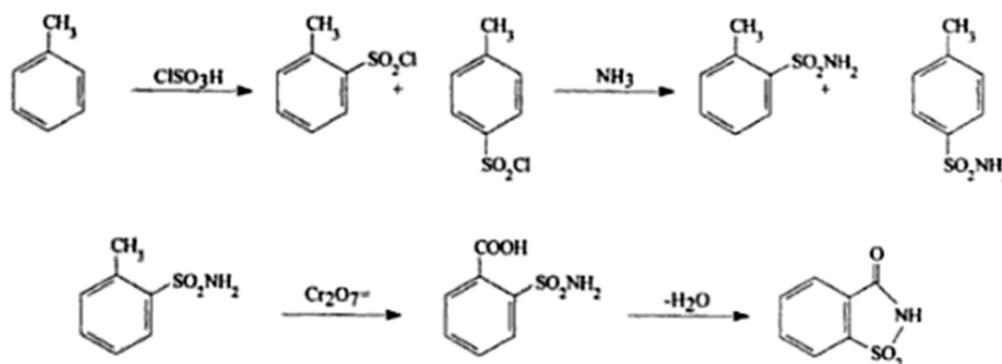
³⁰ ***.

Table I-5
Saccharin: Remsen-Fahlberg production process input and output

	Chemical common name	Molecular formula	CAS Registry number	HTS provision	Graphical representation
Input	Toluene	C ₇ H ₈	108-88-3	2902.30.00	
Output	Acid (insoluble) saccharin	C ₇ H ₅ NO ₃ S	81-07-2	2925.11.00	

Source: U.S. Environmental Protection Agency, "Substance Registry Services," http://ofmpub.epa.gov/sor_internet/registry/substreg/searchandretrieve/substancesearch/search.do (accessed April 7, 2015); National Institute of Standards and Technology, "NIST Chemistry WebBook," <http://webbook.nist.gov/chemistry/> (accessed April 7, 2015); ChemSpider, <http://www.chemspider.com/> (accessed April 8, 2015); Sigma-Aldrich, <http://www.sigmaaldrich.com/catalog/AdvancedSearchPage.do> (accessed April 8, 2015); U.S. National Library of Medicine, "ChemIDplus," <http://chem.sis.nlm.nih.gov/chemidplus/> (accessed April 7, 2015); U.S. Food and Drug Administration, "Substance Registration System-Unique Ingredient Identifier (UNII)," <http://fdasis.nlm.nih.gov/srs/> (accessed April 8, 2015).

Figure I-1
Saccharin: Remsen-Fahlberg production process chemical mechanism



Note: This mechanism is presented in ***.

Source: Ronald L. Pearson, "Saccharin," in *Alternative Sweeteners*, 3rd ed., ed. Lyn O'Brien Nabors (New York: Marcel Dekker, 2001), p. 150; Abraham I. Bakal and Lyn O'Brien Nabors, "Saccharin," in *Alternative Sweeteners*, 4th ed., ed. Lyn O'Brien Nabors (Boca Raton, FL: CRC Press, 2012), p. 153; Commission of the European Communities, "Reports of the Scientific Committee for Food," 4th series (1977), annex 1; Kay O'Donnell and Malcolm Kearsley, eds., *Sweeteners and Sugar Alternatives in Food Technology* (Oxford: John Wiley and Sons, 2012), chapter 7.3.

Maumee process

The Maumee Chemical Company developed this process in the mid-20th century,³¹ and this process reportedly is “widely practiced” by saccharin producers in China, India, and other countries.³² PMC, the successor company to Maumee Chemical, stated that important advantages of the Maumee process (relative to the Remsen-Fahlberg process) included ***.³³ Environmental concerns surrounding the use of this process in terms of hazardous materials (chlorine, sulfur dioxide, ammonia) and increasing regulation in the United States and China have been well documented.³⁴ PMC had “modified and improved” this process since its inception, but ***. This process is no longer used by any known U.S. producer.³⁵

³¹ The U.S. patents for this process are 2,667,503 (1954) O.F. Senn and 2,705,242 (1955) G.F. Schlaudecker. PMC posthearing brief, attachment D.

³² Ronald L. Pearson, “Saccharin,” in *Alternative Sweeteners*, 3rd ed., ed. Lyn O’Brien Nabors (New York: Marcel Dekker, 2001), p. 149; Abraham I. Bakal and Lyn O’Brien Nabors, “Saccharin,” in *Alternative Sweeteners*, 4th ed., ed. Lyn O’Brien Nabors (Boca Raton, FL: CRC Press, 2012), p. 152.

³³ ***.

³⁴ Kinetic posthearing brief, p. 13, pp. 2, 35-37 (response to Commission questions); hearing transcript, public session, pp. 13-14, 26-27, 39, 56; Kinetic prehearing brief, pp. 11-12 (quoting PMC prehearing brief from first review); ***; Jon Newberry, “Cincinnati Chemical Processor Sues Israeli Saccharin Maker,” Cincinnati Business Courier, August 31, 2009.

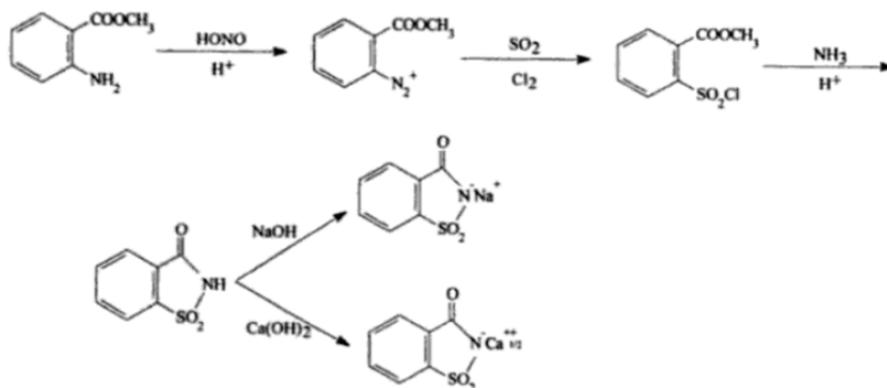
³⁵ Abraham I. Bakal and Lyn O’Brien Nabors, “Saccharin,” in *Alternative Sweeteners*, 4th ed., ed. Lyn O’Brien Nabors (Boca Raton, FL: CRC Press, 2012), p. 152; Kinetic posthearing brief, p. 13, p. 2 (response to Commission questions); PMC posthearing brief, attachment D; hearing transcript, public session, p. 25; Kinetic prehearing brief, pp. 11-12 (quoting PMC prehearing brief from first review); ***.

Table I-6
Saccharin: Maumee production process input and output

	Chemical common name	Molecular formula	CAS Registry number	HTS provision	Graphical representation
Input	Xylene	C ₈ H ₁₀	95-47-6	2902.41.00	
Output	Acid (insoluble) saccharin	C ₇ H ₅ NO ₃ S	81-07-2	2925.11.00	

Source: U.S. Environmental Protection Agency, "Substance Registry Services," http://ofmpub.epa.gov/sor_internet/registry/substreg/searchandretrieve/substancesearch/search.do (accessed April 7, 2015); National Institute of Standards and Technology, "NIST Chemistry WebBook," <http://webbook.nist.gov/chemistry/> (accessed April 7, 2015); ChemSpider, <http://www.chemspider.com/> (accessed April 8, 2015); Sigma-Aldrich, <http://www.sigmaaldrich.com/catalog/AdvancedSearchPage.do> (accessed April 8, 2015); U.S. National Library of Medicine, "ChemIDplus," <http://chem.sis.nlm.nih.gov/chemidplus/> (accessed April 7, 2015); U.S. Food and Drug Administration, "Substance Registration System-Unique Ingredient Identifier (UNII)," <http://fdasis.nlm.nih.gov/srs/> (accessed April 8, 2015).

Figure I-2
Saccharin: Maumee production process chemical mechanism



Note: This figure represents the continuous Maumee process as modified from the original Maumee process. For the original process, see Ronald L. Pearson, "Saccharin," in *Alternative Sweeteners*, 3rd ed., ed. Lyn O'Brien Nabors (New York: Marcel Dekker, 2001), p. 150. ***.

Source: Ronald L. Pearson, "Saccharin," in *Alternative Sweeteners*, 3rd ed., ed. Lyn O'Brien Nabors (New York: Marcel Dekker, 2001), p. 150; Abraham I. Bakal and Lyn O'Brien Nabors, "Saccharin," in *Alternative Sweeteners*, 4th ed., ed. Lyn O'Brien Nabors (Boca Raton, FL: CRC Press, 2012), p. 154; Commission of the European Communities, "Reports of the Scientific Committee for Food," 4th series (1977), annex 1; Kay O'Donnell and Malcolm Kearsley, eds., *Sweeteners and Sugar Alternatives in Food Technology* (Oxford: John Wiley and Sons, 2012), chapter 7.3.

Modified Maumee process

***³⁶

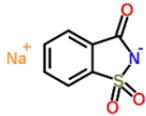
This process has been developed and used in the commercial U.S. production of saccharin since 2007-2008, ***³⁷

***³⁸ ***³⁹ The mechanism for this process is below.⁴⁰

***⁴¹

Table I-7

Saccharin: Modified Maumee production process input and output

	Chemical common name	Molecular formula	CAS Registry number	HTS provision	Molecule representation
Input	***	***	***	***	***
Output	Sodium saccharin	C ₇ H ₅ NNaO ₃ S	128-44-9	2925.11.00	

Note: ***. The most common output of this process is sodium saccharin, although acid (insoluble) saccharin can be produced with an additional reaction. ***; Kinetic posthearing brief, exhibit 2.

Source: ***; Kinetic posthearing brief, p. 5; U.S. Environmental Protection Agency, "Substance Registry Services,"

http://ofmpub.epa.gov/sor_internet/registry/substreg/searchandretrieve/substancesearch/search.do (accessed April 7, 2015); National Institute of Standards and Technology, "NIST Chemistry WebBook," <http://webbook.nist.gov/chemistry/> (accessed April 7, 2015); ChemSpider, <http://www.chemspider.com/> (accessed April 8, 2015); Sigma-Aldrich, <http://www.sigmaaldrich.com/catalog/AdvancedSearchPage.do> (accessed April 8, 2015); U.S. National Library of Medicine, "ChemIDplus," <http://chem.sis.nlm.nih.gov/chemidplus/> (accessed April 7, 2015); U.S. Food and Drug Administration, "Substance Registration System-Unique Ingredient Identifier (UNII)," <http://fdasis.nlm.nih.gov/srs/> (accessed April 8, 2015).

³⁶ ***

³⁷ Ronald L. Pearson, "Saccharin," in *Alternative Sweeteners*, 3rd ed., ed. Lyn O'Brien Nabors (New York: Marcel Dekker, 2001), p. 149; Abraham I. Bakal and Lyn O'Brien Nabors, "Saccharin," in *Alternative Sweeteners*, 4th ed., ed. Lyn O'Brien Nabors (Boca Raton, FL: CRC Press, 2012), p. 152.

³⁸ ***

³⁹ ***

⁴⁰ ***

⁴¹ ***

Figure I-3
Saccharin: Modified Maumee production process chemical mechanism

* * * * *

DOMESTIC LIKE PRODUCT ISSUES

In the preliminary phase of the original investigation, the Commission found that there was one domestic like product consisting of all forms of saccharin. The Commission made this finding based on the similarity in physical characteristics and uses, general interchangeability, common channels of distribution, common manufacturing facilities and production process, and general similarity in price. In the final phase of the investigation, no party argued that the Commission should revisit its like product finding nor did any facts arise that would otherwise indicate that the Commission should do so.^{42 43} In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution of the first five-year review, the domestic interested party stated that it agreed with the Commission's established definition of the domestic like product and agreed with the definitions of domestic like product and domestic industry stated in the Commission's Notice of Institution.⁴⁴

In the first five-year review, no facts arose that would indicate the Commission should revisit its original like product finding, nor had any party argued the Commission should do so. Accordingly, the Commission found that the domestic like product consisted of all forms of saccharin, coextensive with the scope.^{45 46}

⁴² *Saccharin from China*, Inv. No. 731-TA-1013 (Final), USITC Publication 3606 (June 2003), p. 5. The Commission found that the scope of the investigation pertained solely to saccharin. No party argued that the Commission should find that the domestic like product includes alternative sweeteners, such as aspartame. While the Commission may define the like product to be broader than the scope if the facts so warrant, see, e.g., *Certain Pasta from Italy and Turkey*, Inv. Nos. 701-TA-365 and 366 and 731-TA-735 and 735 (Final), USITC Publication 2977 at 8-12 (July 1996), the Commission found that the record did not indicate that a broader like product was appropriate here.

⁴³ *Ibid.* In its final phase prehearing brief, the Pro Trade Group's U.S. Sweetener Users Coalition stated that the Commission should consider whether sodium saccharin and calcium saccharin are separate domestic like products, and stated further that it would discuss this matter further at the hearing. Coalition's Prehearing Brief at 1. At the hearing, however, the Coalition explained that it was not seeking a finding of two domestic like products, but wished to point out the differences in the forms of saccharin in the context of conditions of competition. Hearing transcript, p. 181 (Aitken).

⁴⁴ *PMC's Response to Notice of Institution*, (First Five-Year Review), p. 11.

⁴⁵ *Saccharin from China*, Inv. No. 731-TA-1013 (Review), USITC Publication 4077 (May 2009), p. 5.

⁴⁶ In deciding whether a firm qualifies as a domestic producer, the Commission generally has analyzed the overall nature of a firm's production-related activities in the United States, although production-related activity at minimum levels could be insufficient to constitute domestic production. The Commission generally considers six factors:

- (1) source and extent of the firm's capital investment;
- (2) technical expertise involved in U.S. production activities;

(continued...)

In its notice of institution in the current five-year review, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.⁴⁷ Kinetic commented on the Commission's definition of the domestic like

(...continued)

- (3) value added to the product in the United States;
- (4) employment levels;
- (5) quantity and type of parts sourced in the United States; and
- (6) any other costs and activities in the United States directly leading to production of the like product.

No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. The Commission has also rejected the notion that a domestic producer must demonstrate a certain minimum amount of U.S. consumption to be considered a "producer."

In the original investigation, the Commission defined the domestic industry as PMC, the sole domestic producer of saccharin. Although not a party to the first five-year review, ***, submitted a written statement challenging PMC's status as a domestic producer of saccharin. In its final comments, PMC disputed *** assertions and claimed that it qualified as a domestic producer of saccharin.

In July 2006, PMC ceased production of saccharin by the continuous Maumee process at its sole production facility located in Cincinnati, Ohio, and **. PMC's new process for producing saccharin involves mostly post-Maumee refining and is currently being done on a batch (not continuous) basis. According to PMC, this reengineering was intended to avoid using or producing certain hazardous chemicals (e.g., chlorine, sulfur dioxide, and ammonia) and therefore to make its saccharin production process safer and more environmentally friendly. According to PMC, this process also allowed it to manufacture saccharin more efficiently and more cost-effectively. PMC stated that its new Maumee process converts *** into saccharin and that **. **. PMC worked in conjunction with **, and in 2008, **.

Based on the aforementioned six-factor test generally considered in assessing whether a firm engages in sufficient production-related activity in the United States to be considered a domestic producer, the Commission found that PMC qualified as a domestic producer, although the issue was close.

Although the issue was extremely close, the Commission found on balance, that PMC's operations, although only batch production and smaller in scale compared to the original investigation, nevertheless constituted sufficient production-related activities to qualify it as a domestic producer. During the period of the first five-year review, PMC did produce and sell commercial volumes of saccharin. On the other hand, its employment and capital investment were low. As noted, PMC purchased the primary raw material input for producing saccharin, **, from ** and PMC's ** production process is relatively simple and involves considerably fewer chemical reactions than its former process. The value added by PMC (** percent of total costs in 2008) may be overstated. Nevertheless, PMC employed workers, operated production equipment to produce saccharin, and it devoted some capital to bring this process on line rather than cease production entirely. On balance, and based on the record developed in the first five-year review, the Commission found that PMC's production operations, although limited, were sufficient to qualify PMC as a domestic producer under the traditional six-factor test. *Confidential Views of the Commission, Saccharin from China, Inv. No. 731-TA-1013 (Review)*, pp. 6-9 and 12-13.

⁴⁷ *Saccharin from China: Institution of a Five-Year Review*, 79 FR 24749, May 1, 2014.

product and indicated that in the original investigation, the Commission found one domestic like product consisting of all forms of saccharin. As a result, the Commission defined the domestic industry to encompass all domestic producers of saccharin. Kinetic agreed with these definitions of the domestic like product and the domestic industry.⁴⁸

In its prehearing brief, Kinetic commented that “given that no new facts or evidence have been presented to indicate otherwise, the Commission should continue to find one like product consisting of all saccharin.”⁴⁹

U.S. MARKET PARTICIPANTS

U.S. producers

During the original investigation and first five-year review, one firm supplied the Commission with information on their U.S. operations with respect to saccharin. This firm accounted for all U.S. production of saccharin in both 2002 and 2008.⁵⁰ In the current proceeding, the Commission issued U.S. producer questionnaires to two firms, both of which provided the Commission with information on their saccharin operations. These firms are believed to account for all U.S. production of saccharin in 2014. Presented in table I-8 is a list of current domestic producers of saccharin, each company’s position on continuation of the order, production location(s), related and/or affiliated firms, and share of reported production of saccharin during 2009-14.

**Table I-8
Saccharin: U.S. producers, positions on orders, U.S. production locations, related and/or affiliated firms, and shares of reported U.S. production, 2009-14**

Firm	Position on orders	Production location(s)	Share of production (percent)
*** ¹	***	***	***
PMC Specialties Group	***	Cincinnati, OH	***
Total			100.0

¹ Share of production attributed to ***. Kinetic’s U.S. producer questionnaire response, section II-6a.

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

***.⁵¹

No U.S. producers are related to foreign producers of the subject merchandise. Further, ***.⁵² In the current five-year review period, ***.⁵³ In addition, as discussed in greater detail in Part III, *** directly imports the subject merchandise.

⁴⁸ *Substantive Response of Kinetic Industries, Inc.*, pp. 21-22.

⁴⁹ Kinetic’s Prehearing Brief, p. 4.

⁵⁰ The U.S. producer that supplied the Commission with usable questionnaire information during the original investigation and first review was PMC Specialties Group, Inc.

⁵¹ ***’s U.S. producer questionnaire response, section I-5.

⁵² *Confidential Staff Report, Saccharin from China*, Inv. No. 731-TA-1013 (Review), p. 1-15.

U.S. importers

In the current proceeding, the Commission issued U.S. importer questionnaires to 18 firms believed to be importers of saccharin, as well as to all U.S. producers of saccharin. Usable questionnaire responses were received from 17 firms, representing 98.4 percent of U.S. imports from China. Table I-9 lists all responding U.S. importers of saccharin from China and nonsubject country sources, their locations, and their shares of U.S. imports during 2009-14. Of the responding U.S. importers, ***.

Table I-9
Saccharin: U.S. importers, source(s) of imports, U.S. headquarters, and shares of imports 2009-14

Firm	Headquarters	Share of imports by source (percent)		
		China	Other sources	All sources
Atlantic Chemicals Trading of North America	Glendale, CA	***	***	***
CellMark Chemicals	Stamford, CT	***	***	***
DMH Ingredients, Inc	Libertyville, IL	***	***	***
Epic Chemicals	Valencia, CA	***	***	***
Gibraltar Trading Corp.	Flushing, NY	***	***	***
Harris & Ford, LLC	Indianapolis, IN	***	***	***
Helm U.S. Corporation (previously known as "Helm New York, Inc.")	Piscataway, NJ	***	***	***
Kenko International, Inc.	Los Angeles, CA	***	***	***
Kingchem LLC	Allendale, NJ	***	***	***
Marubeni Specialty Chemicals Inc.	White Plains, NY	***	***	***
Netchem Inc.	Brantford, ON	***	***	***
PMC Specialties Group	Cincinnati, OH	***	***	***
Rit-Chem Co., Inc.	Thornwood, NY	***	***	***
Summit Resource Group, Inc	St. Louis, MO	***	***	***
Suzhou-Chem, Inc	Wellesley, MA	***	***	***
The Procter & Gamble Company	Cincinnati, Ohio,	***	***	***
Univar USA Inc.	Redmond, WA	***	***	***
Total		100.0	100.0	100.0

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

(...continued)

⁵³ Plant Trip Notes (***) , January 15, 2015, p. 3.

U.S. purchasers

The Commission received 12 questionnaire responses from firms that purchased saccharin during 2009-14.⁵⁴ Seven responding purchasers are end users, three are distributors, and two identified themselves as “other.”⁵⁵ Responding U.S. purchasers were located in the *** regions. The largest responding purchaser of saccharin during the current period of five-year review was ***, a manufacturer of ***. Other large purchasers included ***. A list of U.S. purchasers, U.S. headquarters, sources and shares of purchases, and reported end uses for 2014 are presented in Table I-10.

Table I-10
Saccharin: U.S. purchasers, U.S. headquarters, source(s) and shares of purchases (percent), and reported end uses, 2014

* * * * *

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of saccharin are shown in table I-11.

⁵⁴ Of the 12 responding purchasers, three purchased domestic saccharin at some point during the period of review, six purchased imports of saccharin from China, and eight purchased imports of saccharin from nonsubject countries India, Korea, Taiwan, and Indonesia.

⁵⁵ *** identified itself as ***, and *** identified itself as “***.”

Table I-11
Saccharin: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
U.S. shipments:-- Kinetic Industries Inc. ¹	***	***	***	***	***	***
PMC Specialties Group	***	***	***	***	***	***
Total	***	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	1,592	1,171	1,333	1,602	2,267	1,573
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	3,164	4,272	4,422	3,500	3,132	3,197
Total U.S. importers' U.S. shipments	4,756	5,443	5,755	5,102	5,399	4,770
Apparent U.S. consumption	***	***	***	***	***	***
	Value (1,000 dollars)					
U.S. shipments:-- Kinetic Industries Inc. ¹	***	***	***	***	***	***
PMC Specialties Group	***	***	***	***	***	***
Total	***	***	***	***	***	***
U.S. importers' U.S. shipments from.-- China	15,088	10,228	9,604	8,666	10,901	8,390
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	27,421	26,132	24,143	18,218	17,615	17,733
Total U.S. importers' U.S. shipments	42,509	36,360	33,747	26,884	28,516	26,123
Apparent U.S. consumption	***	***	***	***	***	***

¹ ***.

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

U.S. MARKET SHARES

U.S. market share data are presented in table I-12. U.S. producers' ***.

Table I-12
Saccharin: U.S. consumption and market shares, 2009-14

* * * * *

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

U.S. MARKET CHARACTERISTICS

Saccharin is used primarily as an artificial sweetener. Primary end uses include table-top sweeteners, consumer products such as toothpaste and mouthwash, pharmaceutical products, animal feed, and food mixes. Most of the current demand for saccharin is derived from demand for these products. Saccharin is also used in metal finishing applications as a corrosion inhibitor and to facilitate electroplating. It is sold commercially in granular or powdered forms.

In the original investigation, there was one domestic saccharin manufacturer – PMC Specialties Group (“PMC”). The raw material inputs used to make saccharin during that time were more heavily regulated, but in 2008-09 a redesigned production process using a different raw material input allowed for safer and more environmentally friendly production to take place. In 2007 and 2008, plant closings in China led to a worldwide shortage of saccharin and an upsurge in prices. Prices have since stabilized.

In the current review, the firms that supply saccharin to the U.S. market comprise of two groups – U.S. producer PMC, all of whose production activities take place at its Cincinnati, Ohio plant; and a partnership between toller American Custom Drying (“ACD”), based in Trenton, NJ, and tollee Kinetic Industries, Inc. (“Kinetic”), based in Flushing, New York. Kinetic uses ACD to toll-produce spray-dried saccharin for sale by Kinetic.¹ ***.² China is by far the largest global exporter of saccharin and the second-largest import source of saccharin for the United States.³

Apparent U.S. consumption was essentially the same in 2014 as it was in 2009, but fluctuated between *** percent and *** percent above the 2009 level between 2010 and 2013.

CHANNELS OF DISTRIBUTION

In the original investigation, PMC sold ***, while importers of Chinese saccharin sold mostly to end users.⁴

During 2009-14, the majority of sales of saccharin by PMC and Kinetic varied between distributors and end users (table II-1). Specifically, PMC sold *** to ***, while Kinetic sold *** to ***. Since 2009, importers have sold the large majority of both Chinese product and nonsubject product to end users.

¹ PMC’s posthearing brief, p. 3; Staff field trip report, PMC, February 4, 2015; Staff field trip report, ACD, January 15, 2015.

² Hearing transcript, pp. 91-92 (Boltuck); Kinetic’s responses to Commission’s public questions from open session, p. 27.

³ In 2014, exports from China accounted for approximately 88.5 percent of global exports. Global Trade Atlas, HS 2925.11.00, retrieved January 29, 2015.

⁴ *Confidential Staff Report, Saccharin from China, Inv. No.731-TA-1013 (Final)*, June 2003, p. II-1 and *Saccharin from China, Inv. No.731-TA-1013 (Final)*, USITC Publication 3606, June 2003, p. II-1.

Table II-1

Saccharin: U.S. producers/toltees' and importers' share of reported U.S. commercial shipments (percent), by sources and channels of distribution, January 2009-December 2014

* * * * *

GEOGRAPHIC DISTRIBUTION

*** reported selling saccharin to ***, while *** reported selling to *** (table II-2). Importers reported selling to all regions in the contiguous United States, but the majority of the eight responding firms reported selling to the Northeast, Midwest, Southeast, and Pacific Coast regions.

Table II-2

Saccharin: Geographic market areas in the United States served by U.S. producers/toltees and importers

Region	U.S. producers/toltees	Importers
Northeast	***	8
Midwest	***	7
Southeast	***	5
Central Southwest	***	3
Mountain	***	2
Pacific Coast	***	5
Other ¹	***	3
All regions (except Other)	***	2
Reporting firms	2	8

¹ All other U.S. markets, including AK, HI, PR, and VI.

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

For PMC and Kinetic, *** percent of sales were within 100 miles, *** percent were between 101 and 1,000 miles, and *** percent were over 1,000 miles from their production facilities. U.S. importers that imported Chinese saccharin reported selling 29.1 percent of it to firms within 100 miles, 56.2 percent to firms between 101 and 1,000 miles, and 14.7 percent to firms over 1,000 miles from their U.S. points of shipment.

SUPPLY AND DEMAND CONSIDERATIONS

U.S. supply

Domestic production

Based on available information, U.S. producers/toltees of saccharin have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced saccharin to the U.S. market. The main contributing factors to this degree of

responsiveness of supply are the availability of unused capacity, the existence of alternative markets, and the existence of inventories.

Industry capacity

Domestic capacity utilization decreased *** from *** percent in 2009 to *** percent in 2014. This relatively low level of capacity utilization suggests that U.S. producers/tollers have substantial ability to increase production of saccharin in response to an increase in prices.⁵

Alternative markets

Neither U.S. producer PMC nor tollee Kinetic reported that it would be difficult to shift their shipments to other markets. *** stated that “***,” while *** reported that it “***.”⁶ Neither firm reported that it faced tariff barriers in other markets.

U.S. producers/tollee’s exports as a share of total shipments have fluctuated irregularly; they were *** percent in 2009, *** percent in 2010, *** percent in 2011, *** percent in 2012, *** percent in 2013, and *** percent in 2014. These changes were driven primarily by changes in total shipments, as U.S. producers/tollee’s total export shipments remained relatively unchanged from 2009 to 2014 (ranging between *** and *** pounds), with one exception: in *** U.S. producers/tollee exported *** pounds in response to the global saccharin shortage. U.S. producers/tollee may therefore have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

U.S. producers/tollee’s end-of-period inventories declined from *** pounds in 2009 to *** pounds in 2014. U.S. producers/tollee’s ratio of inventories to shipments declined from *** percent in 2009 to *** percent in 2014, and during the intervening years ranged from *** percent to *** percent.⁷ These inventory levels suggest that U.S. producers/tollee may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Production alternatives

While *** reported that *** switch production from saccharin to other products, *** reported that ***, with *** identifying “***.”

⁵ ***.

⁶ PMC’s U.S. producer questionnaire response, section IV-16; Kinetic’s U.S. producer questionnaire response, section IV-16.

⁷ In ***, *** shipped ***.

Subject imports from China

The Commission received one questionnaire response from Chinese producer Shanghai Fortune Chemical Co., Ltd. (“Shanghai Fortune”).⁸ Based on this firm’s questionnaire response and publicly available information on the saccharin industry in China, producers of saccharin from China may have the ability to respond to changes in demand with large changes in the quantity of shipments of saccharin to the U.S. market. The main contributing factors to this degree of responsiveness of supply are the availability of unused capacity and the existence of alternative markets.

Industry capacity

Shanghai Fortune’s overall production capacity remained unchanged at *** pounds throughout the period of review. Its capacity utilization increased from *** percent in 2009 to *** percent in 2014, and its average capacity utilization rate in the intervening years ranged from *** to *** percent. Shanghai Fortune also estimated its share of China’s total exports to the United States in 2014 to be *** percent. This *** level of capacity utilization *** suggests that producers of saccharin from China may have a moderate-to-large ability to increase production in response to an increase in prices.

Alternative markets

Shanghai Fortune’s total exports as a share of total shipments remained steady at *** percent from 2009 to 2014. Its U.S. exports as a share of total shipments increased from *** percent in 2009 to *** percent in 2014. Its total exports to the United States increased from *** pounds in 2009 to *** pounds in 2014.⁹ Shanghai Fortune reported that “***.”¹⁰ Shanghai Fortune also reported that Chinese saccharin has been subject to an antidumping order in India since December 2006.¹¹ Overall, Shanghai Fortune appears to have some ability to shift shipments between the U.S. market and other markets in response to price changes.

Inventory levels

Shanghai Fortune reported total end-of-period inventories for 2009-14 of between *** and *** pounds.¹² Its ratio of inventories to total shipments declined from *** percent in 2009 to *** percent in 2014, and during the intervening years ranged from *** percent to ***

⁸ This firm’s exports to the United States accounted for *** percent of all U.S. imports of saccharin from China during 2009-14. Shanghai Fortune’s foreign producer questionnaire response, section II-14(a); Dataweb, HS 2925.11.00.

⁹ Shanghai Fortune’s primary export markets from 2009 to 2014 were ***.

¹⁰ Shanghai Fortune’s foreign producer questionnaire response, section III-8.

¹¹ Shanghai Fortune’s foreign producer questionnaire response, section II-10.

¹² Shanghai Fortune reported that ***.

percent. These inventory levels suggest that Shanghai Fortune may have some ability to respond to changes in demand with changes in the quantity shipped from inventories.

Nonsubject imports

According to available data, the largest sources of nonsubject imports during 2009-14 were Korea (11.3 million pounds), Taiwan (4.3 million pounds), and India (4.2 million pounds).¹³ Combined, these countries accounted for 92.6 percent of all nonsubject imports in 2014, and, on average, 65.0 percent of nonsubject imports from 2009-14.¹⁴

New suppliers

Eleven of 12 purchasers reported that no new suppliers had entered the market since 2009, with one firm noting a new saccharin producer in Indonesia. Nine of 11 purchasers reported that they do not expect additional saccharin suppliers to enter the U.S. market. One firm stated that a Thai producer may have entered the U.S. market and another opined that producers from nonsubject countries have entered the U.S. market because some domestic customers demand product of non-Chinese origin.

U.S. demand

Based on available information, the overall demand for saccharin is likely to experience moderate changes in response to changes in price. The main contributing factor to this responsiveness is the availability of substitute products.

End uses

U.S. demand for saccharin depends on the demand for U.S.-produced downstream products that use it as an input. Saccharin is used primarily as a table-top sweetener (such as Sweet'N Low®) and as an intermediate product in a number of consumer, agricultural, and industrial applications, including soft drinks, personal care products, pharmaceuticals, certain foods, animal feed, herbicides, and metal-working fluids.

No responding U.S. producers/toltees or importers reported changes in the end uses for saccharin since 2009, nor did they anticipate any changes. Nine of 11 responding U.S. purchasers reported that there had been no changes since 2009, and 9 of 11 did not anticipate any changes. For the two firms that did anticipate changes, one firm reported that it may pursue purchasing a comparable material at a lower cost, and the other firm reported that the end user may try to change to substitutes.

¹³ Dataweb, HS 2925.11.00. See also table IV-1a.

¹⁴ Kinetic estimates that saccharin transshipped through nonsubject countries accounts for 20 percent of the U.S. market. Hearing transcript, p. 10 (Lu).

Cost share

Saccharin accounts for a small share of the cost of the end-use products in which it is used. Reported cost shares for saccharin in end uses such as table top sweeteners, personal care products, and pharmaceutical products ranged from less than 1 percent to 5.0 percent. One purchaser reported a cost share for saccharin of 12 percent when used as an additive for nickel plating, and one importer reported a cost share of 25 percent in table top sweeteners.

Business cycles

Both PMC and Kinetic, 14 of 15 importers, and 10 of 11 purchasers indicated that the market was not subject to business cycles or distinct conditions of competition. One purchaser reported that there is more demand from the beverage industry during the summer months.

When asked if there had been any changes in the business cycle or conditions of competition for saccharin since 2009, one importer stated that “there are always internal pressures in China because of pollution and Chinese governmental regulations,” and one purchaser reported that the downturn in the economy slowed beverage sales.¹⁵

Demand trends

When asked about changes in U.S. demand for saccharin, responses varied based on firm type (table II-3). *** reported that demand in the United States *** since 2009, and *** reported that demand ***. Six of 11 responding importers reported that demand in the United States had fluctuated and they expected it to continue to fluctuate with no clear trend. Two of the three importers that reported U.S. demand had decreased since 2009 and/or anticipated a future decrease in demand cited the increased use of substitutes (such as stevia and sucralose) as the reason. Most (four of seven) purchasers reported that demand in the United States had decreased overall since 2009, and three firms reported that they anticipated future U.S. demand would decrease. Reasons cited for a decrease in U.S. demand were that more consumers are moving toward natural sweeteners, other high intensity sweeteners are replacing saccharin in some end uses, and metal finishing is moving off-shore.

The responding foreign producer, Shanghai Fortune, reported that demand for saccharin in the United States had ***, but anticipated that future demand for saccharin in the United States would ***.

¹⁵ One importer also reported that any change in the conditions of competition would depend “***.”

Table II-3
Saccharin: Firms' responses regarding U.S. demand

Item	Increase	No change	Decrease	Fluctuate
Demand in the United States				
U.S. producers/toltees	***	***	***	***
Importers	0	2	3	6
Purchasers	0	2	4	1
Foreign producers	***	***	***	***
Anticipated future demand				
U.S. producers/toltees	***	***	***	***
Importers	0	2	3	6
Purchasers	0	2	3	2
Foreign producers	***	***	***	***
Demand for purchasers' final products since 2009				
Purchasers	0	1	4	4

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

Substitute products

***, 9 of 16 importers, and 3 of 10 purchasers reported that other products can be substituted for saccharin.¹⁶ Reported substitutes include sucralose, aspartame, acesulfame-K, stevia, and neotame. *** reported that there had been no changes in substitutes since 2009 and they did not anticipate any changes in substitutes; 12 of 16 importers reported that there had been no changes in substitutes since 2009, and half did not anticipate any changes in substitutes; and 10 of 11 purchasers reported that there had been no changes in substitutes since 2009, and 9 of 10 did not anticipate any changes in substitutes.

Among those that did report changes in substitutes, the increased availability of alternative sweeteners and consumer preferences shifting towards natural substitutes were cited as reasons.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported saccharin depends upon such factors as relative prices, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). Based on available data, staff believes that there is moderate-to-high degree of substitutability between domestically produced saccharin and saccharin imported from China.

¹⁶ In its U.S. producer questionnaire, *** because "****." In its U.S. importer questionnaire, *** reported "****."

Lead times

Domestic saccharin is sold *** from inventory. *** reported that *** percent *** is sourced from inventory, with *** days, and six of seven importers reported that all of their commercial shipments came from inventories, with lead times of 3-14 days. One importer, ***, reported that *** percent of its saccharin is produced-to-order with a lead time of *** days.

Foreign producer Shanghai Fortune reported that *** percent of its product is produced-to-order with a lead time of *** days, and *** percent is sourced from inventory with a lead time of *** days. It also reported that ***.

Knowledge of country sources

Four purchasers indicated that they had marketing/pricing knowledge of domestic saccharin, eight of Chinese saccharin, and nine of saccharin from nonsubject countries.¹⁷

As shown in table II-4, purchasers were evenly divided between “always” and “never” making purchasing decisions based on the producer (4 each). For the firms that reported that they either “always” or “usually” make purchasing decisions based on the producer (6 of 11), reasons cited included quality and service, trust and loyalty, commercial terms, service expectations, and documentation requirements. Firms were also nearly evenly divided between “always” or “usually” making purchasing decisions based on the country of origin (5 of 11) and “sometimes” or “never” doing so (6 of 11). For the firms that reported they either “always” or “usually” make purchasing decisions based on the country of origin, reasons cited included a preference for non-Chinese material, not being sure that the material was produced in that factory, and that source verification was difficult to obtain ***.

Table II-4

Saccharin: Purchasing decisions based on producer and country of origin

Purchaser/Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	4	2	1	4
Purchaser's customers make decision based on producer	2	1	2	5
Purchaser makes decision based on country	2	3	3	3
Purchaser's customers make decision based on country	2	2	0	5

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

Factors affecting purchasing decisions

The most often cited top three factors firms consider in their purchasing decisions for saccharin were price (11 firms), quality (7 firms), and availability (4 firms), as shown in table II-5. Quality was the most frequently cited first-most important factor (cited by 6 firms), followed by the manufacturer being approved by the customer (2 firms). Price was the most frequently

¹⁷ The nonsubject countries of which purchasers reported having marketing/pricing knowledge included Korea, India, Indonesia, Taiwan, and South Korea.

reported second-most important factor as well as the most frequently reported third-most important factor (cited by 5 firms in each category).

Table II-5

Saccharin: Ranking of factors used in purchasing decisions as reported by U.S. purchasers, by factor

Factor	First	Second	Third	Total
Quality	6	1	0	7
Price	1	5	5	11
Availability	1	1	2	4
Approved by customer	2	1	0	3
Other ¹	1	3	4	8

¹ Other factors include service, reliability, country of origin, delivery time, history of supplying to their industry, and assurance of supply.

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

A majority of purchasers (eight of 12) reported that they only sometimes purchase the lowest-priced product. When asked if they purchased saccharin from one source although a comparable product was available at a lower price from another source, eight purchasers reported reasons that included quality, service, reliability, supply chain capability, lead time, assurance of supply, sustainability, qualification, and safety stock agreements. No purchasers reported that certain types of product were only available from a single source.

Importance of specified purchase factors

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-6). The factors rated as “very important” by at least half of responding purchasers were availability, product consistency, and reliability of supply (12 each); delivery time (11); price and quality meets industry standards (9 each); quality exceeds industry standards (8); and technical support/service (6).

Table II-6
Saccharin: Importance of purchase factors, as reported by U.S. purchasers, by factor

Factor	Very important	Somewhat important	Not important
Availability	12	0	0
Delivery terms	5	6	1
Delivery time	11	1	0
Discounts offered	3	6	3
Extension of credit	3	7	2
Minimum quantity requirements	3	6	3
Packaging	5	5	2
Price	9	3	0
Product consistency	12	0	0
Product range	4	4	4
Quality exceeds industry standards	8	4	0
Quality meets industry standards	9	2	0
Reliability of supply	12	0	0
Technical support/service	6	5	1
U.S. transportation costs	2	8	2

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

Supplier certification

Eight of 12 responding purchasers require their suppliers be certified or qualified to sell saccharin to their firm. Purchasers reported that the time to qualify a new supplier ranged from five to 365 days. Three purchasers reported that a foreign supplier had failed in its attempt to qualify product or had lost its approved status since 2009 for quality reasons.¹⁸

Changes in purchasing patterns

Purchasers were also asked about changes in their purchasing patterns from different sources since 2009 (table II-7). Reasons reported for changes in sourcing included service and quality issues, a reduction in demand for finished goods, the ceasing of production by an Indonesian supplier, and rumors of transshipment. Five of 12 responding purchasers reported that they had changed suppliers since 2009. Specifically, firms dropped or reduced purchases from ***.¹⁹ One purchaser reported knowledge of a possible new saccharin producer in Indonesia, but did not identify it by name.

¹⁸ *** reported that *** had failed to become certified due to poor quality; *** reported that material from a Chinese firm ***; and *** reported that “***.”

¹⁹ *** reported that it “***” and *** reported that it no longer purchases from *** due to “***.”

Table II-7

Saccharin: Changes in purchase patterns from U.S., subject, and nonsubject countries

Source of purchases	Did not purchase	Decreased	Increased	Constant	Fluctuated
United States	9	2	1	0	1
China	5	2	1	3	2
Other	4	1	1	3	3

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

Importance of purchasing domestic product

Nine of 11 purchasers reported that none of their purchases had a domestic requirement, accounting for *** of all responding purchasers' purchases in 2014. Purchaser *** reported that *** of its sales had no domestic requirement, while *** of its sales were required by its customers to be domestic product. Purchaser *** reported that *** of its saccharin was required by its customers to be U.S.-produced.²⁰

Comparisons of domestic products, subject imports, and nonsubject imports

Purchasers were asked a number of questions comparing saccharin produced in the United States, China, and nonsubject countries. First, purchasers were asked for a country-by-country comparison on the same 15 factors (table II-8), for which they were asked to rate the importance.

All three responding purchasers reported that U.S. and Chinese saccharin were comparable on packaging, product consistency, quality meets industry standards, reliability of supply, and technical support/service. Two of the three rated U.S. and Chinese product as comparable for every other category except price. Two of the three firms reported that the United States was inferior on price.

Among the purchasers that compared saccharin from China with saccharin from nonsubject countries, a majority reported that Chinese and nonsubject saccharin were comparable in every category.

²⁰ No purchasers reported that domestic product was required by law.

Table II-8

Saccharin: Purchasers' comparisons between U.S.-produced and imported product

Factor	U.S. vs. China			U.S. vs. Non-subject countries			China vs. Non-subject countries		
	S	C	I	S	C	I	S	C	I
Availability	0	2	1	0	1	1	0	6	2
Delivery terms	1	2	0	1	1	0	0	8	0
Delivery time	1	2	0	1	1	0	0	6	2
Discounts offered	0	1	2	0	2	0	1	6	0
Extension of credit	0	2	1	0	2	0	1	5	1
Minimum quantity requirements	0	2	1	0	2	0	0	6	1
Packaging	0	3	0	0	2	0	0	7	0
Price ¹	1	0	2	0	0	2	3	4	0
Product consistency	0	3	0	0	2	0	0	6	1
Product range	0	2	1	0	1	1	0	7	0
Quality exceeds industry standards	1	2	0	0	2	0	1	4	2
Quality meets industry standards	0	3	0	0	2	0	1	6	0
Reliability of supply	0	3	0	0	2	0	0	5	2
Technical support/service	0	3	0	0	2	0	0	5	2
U.S. transportation costs ¹	1	2	0	1	1	0	0	5	1

¹ A rating of superior means that price/U.S. transportation costs is generally lower. For example, if a firm reported "U.S. superior," it meant that the U.S. product was generally priced lower than the imported product.

Note: S=first listed country's product is superior; C=both countries' products are comparable; I=first list country's product is inferior.

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

Comparison of U.S.-produced and imported saccharin

In order to determine whether U.S.-produced saccharin can generally be used in the same applications as imports from China, U.S. producers/toltees, importers, and purchasers were asked whether the products can "always," "frequently," "sometimes," or "never" be used interchangeably. As shown in table II-9, *** reported that domestic and Chinese saccharin were *** interchangeable, and *** reported that *** saccharin *** interchangeable ***. A majority of both importers and purchasers reported that U.S., Chinese, and nonsubject saccharin were all either "always" or "frequently" interchangeable with one another.

Table II-9

Saccharin: Interchangeability between saccharin produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers/toltees reporting				Number of U.S. importers reporting				Number of U.S. purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	4	4	1	0	4	1	2	1
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	5	4	1	1	4	2	1	0
China vs. nonsubject	***	***	***	***	4	4	3	0	5	2	1	0

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

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

As seen in table II-10, all responding purchasers reported that U.S.-produced saccharin, Chinese saccharin, and saccharin produced in nonsubject countries either “always” or “usually” met minimum quality specifications.

Table II-10

Saccharin: Ability to meet minimum quality specifications, by source¹

Source	Always	Usually	Sometimes	Rarely or never
United States	3	2	0	0
China	4	3	0	0
Other	6	2	0	0

¹ Purchasers were asked how often domestically produced or imported saccharin meets minimum quality specifications for their own or their customers’ uses.

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

In addition, producers/toltees, importers, and purchasers were asked to assess how often differences other than price were significant in sales of saccharin from the United States, subject, or nonsubject countries. As seen in table II-11, *** reported that factors other than price were *** important, and *** reported that they *** were when comparing U.S. and Chinese saccharin. A majority of importers reported that factors other than price were “sometimes” important when comparing U.S. and Chinese saccharin, and a majority of purchasers reported that they “always” were.

Table II-11

Saccharin: Significance of differences other than price between saccharin produced in the United States and in other countries, by country pair

Country pair	Number of U.S. producers/toltees reporting				Number of U.S. importers reporting				Number of purchasers reporting			
	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. subject countries: U.S. vs. China	***	***	***	***	2	1	4	1	4	1	1	1
Nonsubject countries comparisons: U.S. vs. nonsubject	***	***	***	***	1	2	4	1	2	1	1	1
China vs. nonsubject	***	***	***	***	1	2	3	1	3	1	1	2

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

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

ELASTICITY ESTIMATES

This section discusses elasticity estimates.²¹

U.S. supply elasticity

The domestic supply elasticity²² for saccharin measures the sensitivity of the quantity supplied by U.S. producers/toltees to changes in the U.S. market price of saccharin. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers/tollers can alter capacity, producers/toltees' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced saccharin. Analysis of these factors earlier indicates that the U.S. industry is likely to be able to considerably increase or decrease shipments to the U.S. market; an estimate in the range of 5 to 10 is suggested.

U.S. demand elasticity

The U.S. demand elasticity for saccharin measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of saccharin. 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 the saccharin in the production of any downstream

²¹ Parties did not comment directly on Staff's elasticity estimates, though Kinetic did use Staff's estimates as the basis for calculating price increases that they allege would have been realized had transshipped saccharin not entered the United States. Kinetic's prehearing brief, pp. 56-57; Hearing transcript, p. 127 (Boltuck).

²² A supply function is not defined in the case of a non-competitive market.

products. Based on the available information, the aggregate demand for saccharin is likely to be moderately elastic; a range of -1.0 to -1.5 is suggested.

Substitution elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.²³ Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (e.g., availability, sales terms/ discounts/ promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced saccharin and imported saccharin is likely to be in the range of 3 to 5.

²³ The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

PART III: CONDITION OF THE U.S. INDUSTRY

OVERVIEW

The information in this section of the report was compiled from responses to the Commission’s questionnaires. Two firms, which accounted for all U.S. production of saccharin during 2014, supplied information on their operations in these reviews.^{1 2} In addition, as previously discussed in Part I of this report, given the small scale batch production of saccharin encountered during the first five-year review, a U.S. producer questionnaire was sent to a producer of an alternate sweetener product, sucralose.³

Changes experienced by the industry

Domestic producers were asked to indicate whether their firm had experienced any plant openings, relocations, expansions, acquisitions, consolidations, closures, or prolonged shutdowns because of strikes or equipment failure; curtailment of production because of shortages of materials or other reasons, including revision of labor agreements; or any other change in the character of their operations or organization relating to the production of saccharin since 2009. Their responses are presented in Table III-1.

Table III-1
Saccharin: Changes in the character of U.S. operations since January 1, 2009

* * * * *

Anticipated changes in operations

The Commission asked domestic producers to report anticipated changes in the character of their operations relating to the production of saccharin. Their responses appear in table III-2.

Table III-2
Saccharin: Anticipated changes in the character of U.S. operations

* * * * *

¹ PMC Specialties Group, Inc. (“PMC”), Cincinnati, OH, and American Custom Drying Co. (“ACD”), Burlington, New Jersey. The Commission also received a U.S. producer questionnaire response from ACD’s tollee, Kinetic Industries, Inc. (“Kinetic”), Flushing, New York.

² A U.S. producer questionnaire ***. Kinetic’s posthearing brief, exh. 2 and Attachments to ***’s U.S. producer questionnaire response.

³ Tate & Lyle Ingredients Americas LLC (“Tate & Lyle”).

U.S. PRODUCTION, CAPACITY, AND CAPACITY UTILIZATION

Table III-3 presents U.S. producers' production, capacity, and capacity utilization. ACD reported that it ***.⁴ ***.⁵

PMC reported that it ***.⁶ ACD and PMC ***. PMC reported that it ***.

Table III-3
Saccharin: U.S. producers' production, capacity, and capacity utilization, 2009-14

* * * * *

Constraints on capacity

*** reported constraints in the manufacturing process. ***.⁷ ***.⁷

U.S. SHIPMENTS AND EXPORTS

Table III-4 presents U.S. shipments, export shipments, and total shipments. The unit values of ***.⁸

PMC ***, whereas Kinetic ***.

Table III-4
Saccharin: U.S. shipments, exports shipments, and total shipments, 2009-14

* * * * *

Table III-5 presents U.S. shipments of saccharin by type.

Table III-5
Saccharin: U.S. shipments, by type of saccharin, 2009-14

* * * * *

⁴ Kinetic's posthearing brief, responses to *in camera* questions, p. 17.

⁵ *Ibid.*, pp. 18-19. ***.

⁶ ***. ***.

⁷ U.S. producer questionnaire responses, section II-5d.

⁸ Commission staff interview with ***.

U.S. INVENTORIES

Table III-6 presents U.S. end-of-period inventories and the ratio of these inventories to U.S. production, U.S. shipments, and total shipments.

Table III-6
Saccharin: U.S. inventories, 2009-14

* * * * *

U.S. PRODUCERS' IMPORTS AND PURCHASES

Table III-7 presents data on individual U.S. producers' U.S. saccharin production and U.S imports of saccharin from subject sources. PMC stated that it does not want to be an importer, but is a committed U.S. producer with a capacity to produce *** pounds of U.S. saccharin per year.⁹

Table III-7
Saccharin: U.S. producers' U.S. production, imports, and import ratios to U.S. production, 2009-14

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-8 shows U.S. producers' employment-related data. ***.¹⁰ ***.¹¹ ***.¹²

Table III-8
Saccharin: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2009-14

* * * * *

⁹ PMC's posthearing brief, p. 3.

¹⁰ ACD's U.S. producer questionnaire response, section II-8.

¹¹ Kinetic's posthearing brief, responses to *in camera* questions, p. 7.

¹² U.S. producer questionnaire responses, section II-8.

FINANCIAL EXPERIENCE OF THE U.S. PRODUCERS

Introduction

*** provided usable financial data on their operations on saccharin.¹³ These data are believed to account for all known U.S. production of saccharin in 2014. *** reported internal consumption or transfers to related firms. As previously discussed in this report, ***.

Operations on saccharin

Income-and-loss data for U.S. firms on their operations on saccharin are presented in table III-9, while selected financial data, by firm, are presented in table III-10. The domestic industry experienced ***. The reported aggregate net sales quantity and value ***, from 2009 to 2014. Collectively, the aggregate cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses *** during this time. As a result of the *** in revenue as compared to operating costs and expenses, aggregate operating income *** from 2009 to 2014.

Table III-9
Saccharin: Results of operations of U.S. firms *, 2009-14**

* * * * *

Table III-10
Saccharin: Selected results of operations of U.S. firms *, by firm, 2009-14**

* * * * *

On a per pound basis, ***.^{14 15 16}

While all reported components of COGS were ***.^{17 18}

¹³ ***.

¹⁴ Staff telephone interview with ***, February 24, 2015.

¹⁵ ***.

¹⁶ ***.

¹⁷ ***.

¹⁸ Using the Commission’s standard methodology for estimating value added, the calculations for fiscal year 2014 are as follows: ***.

According to Kinetic, the firm's commercial shipments reflect ***.^{19 20 21}
PMC's reported commercial shipments were ***.²²

Capital expenditures and total assets

The responding firms' aggregate data on capital expenditures and total assets are shown in table III-11. ***. Aggregate capital expenditures irregularly increased from 2009 to 2014. ***.²³ ***, while ***.²⁴

The total assets utilized in the production, warehousing, and sale of saccharin declined from \$*** in 2009 to \$*** in 2014. The ***,²⁵ while the ***.^{26 27}

Table III-11
Saccharin: Capital expenditures and total assets of U.S. firms *, 2009-14**

* * * * *

¹⁹ ***. Email from ***, February 20, 2015.

²⁰ ***.

²¹ ***.

²² Email from ***, February 13, 2015.

²³ Email from ***, February 13, 2015.

²⁴ U.S. producers' questionnaire responses of ***, questions II-2 and III-13a. Kinetic reported that it ***. Posthearing brief of Kinetic, Questions and answers from closed hearing session, p. 18.

²⁵ Email from ***, February 13, 2015.

²⁶ U.S. producers' questionnaire response of ***, questions II-2 and III-12.

²⁷ See footnotes 19 and 23 in this section of the report ***.

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

U.S. IMPORTS

Overview

The Commission issued questionnaires to 18 firms believed to have imported saccharin between 2009 and 2014. Seventeen firms provided data and information in response to the questionnaires, while one firm did not respond to the Commission's questionnaire.¹ Based on official Commerce statistics for imports of saccharin under HTS subheading 2925.11.00, importers' questionnaire data accounted for 100.3 percent of total U.S. imports during 2009-14 and 98.4 percent of total subject imports during 2009-14. Firms responding to the Commission's questionnaire accounted for 97.4 percent of the subject imports by value from China during 2009-14. In light of the data coverage by the Commission's questionnaires, import data in this report are based on questionnaire responses for saccharin.

No responding importers imported temporary imports under bond or through bonded warehouses or FTZs.

Imports from subject and nonsubject countries

Table IV-1 presents information on U.S. imports of saccharin from China and all other sources between 2009 and 2014. Leading sources of nonsubject imports were India, Indonesia, Japan, South Korea and Taiwan.²

¹ ***.

² As detailed in Kinetic's June 6, 2014 Response to the Notice of Institution (pp. 15-19) and in its July 14, 2014 Comments on Adequacy of Responses (pp. 8-13), based on independent investigations by third party investigators and other evidence, Kinetic asserts that much of the saccharin imported from Taiwan is in actuality Chinese saccharin transshipped through Taiwan.

Table IV-1
Saccharin: U.S. imports by source, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
U.S. imports from.-- China	1,485	1,317	1,339	1,773	2,285	1,441
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	3,182	4,744	4,492	3,446	2,872	3,723
Total U.S. imports	4,667	6,061	5,831	5,219	5,157	5,164
	Value (1,000 dollars)					
U.S. imports from.-- China	11,601	7,338	6,498	6,763	9,079	6,421
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	24,965	23,946	22,988	15,452	13,269	17,697
Total U.S. imports	36,566	31,284	29,486	22,215	22,348	24,118
	Unit value (dollars per pound)					
U.S. imports from.-- China	7.81	5.57	4.85	3.81	3.97	4.46
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	7.85	5.05	5.12	4.48	4.62	4.75
Total U.S. imports	7.84	5.16	5.06	4.26	4.33	4.67
	Share of quantity (percent)					
U.S. imports from.-- China	31.8	21.7	23.0	34.0	44.3	27.9
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	68.2	78.3	77.0	66.0	55.7	72.1
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
	Share of value (percent)					
U.S. imports from.-- China	31.7	23.5	22.0	30.4	40.6	26.6
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	68.3	76.5	78.0	69.6	59.4	73.4
Total U.S. imports	100.0	100.0	100.0	100.0	100.0	100.0
	Ratio to U.S. production (percent)					
U.S. imports from.-- China	***	***	***	***	***	***
Taiwan	***	***	***	***	***	***
All other sources	***	***	***	***	***	***
Nonsubject sources	***	***	***	***	***	***
Total U.S. imports	***	***	***	***	***	***

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

Table IV-2 presents U.S. imports of saccharin from nonsubject countries.

Table IV-2
Saccharin: U.S. imports from nonsubject countries, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
India	364	1,118	734	683	664	611
Indonesia	104	225	494	331	291	267
South Korea	1,468	1,649	1,728	1,834	1,883	2,749
Taiwan	769	1,226	1,138	459	351	366
All other Sources	209	97	300	22	35	29
Total nonsubject sources	2,914	4,315	4,394	3,329	3,224	4,022
	Value (1,000 dollars)					
India	2,593	5,880	3,260	2,666	2,608	2,639
Indonesia	536	1,326	2,211	1,378	1,199	1,083
South Korea	15,011	12,409	10,850	10,506	10,115	14,018
Taiwan	4,660	5,168	5,223	1,909	1,424	1,551
All other Sources	2,311	548	1,530	119	161	255
Total nonsubject sources	25,111	25,331	23,074	16,678	15,507	19,546
	Unit value (dollars per pound)					
India	7.12	5.26	4.44	3.90	3.93	4.32
Indonesia	5.15	5.89	4.48	4.16	4.12	4.06
South Korea	10.23	7.53	6.28	5.78	5.37	5.10
Taiwan	6.06	4.22	4.59	4.16	4.06	4.24
All other Sources	11.06	5.65	5.10	5.41	4.60	8.79
Average	8.62	5.87	5.25	5.01	4.81	4.86

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

Table IV-3 presents U.S. shipments of imports of saccharin by type.

Table IV-3
Saccharin: U.S. shipments of U.S. imports by type of saccharin, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
Shipments from China:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	1,592	1,171	1,334	1,601	2,267	1,573
Shipments from all other sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	3,164	4,272	4,422	3,500	3,132	3,197
Shipments from all sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	4,756	5,443	5,756	5,101	5,399	4,770

Table continued on next page.

Table IV-3--Continued
Saccharin: U.S. shipments of U.S. imports by type of saccharin, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Value (1,000 dollars)					
Shipments from China:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	15,088	10,227	9,604	8,666	10,902	8,389
Shipments from all other sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	27,421	26,132	24,143	18,218	17,615	17,733
Shipments from all sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	42,509	36,359	33,747	26,884	28,517	26,122

Table continued on next page.

Table IV-3--Continued
Saccharin: U.S. shipments of U.S. imports by type of saccharin, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Unit value (dollars per pound)					
Shipments from China:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	9.48	8.73	7.20	5.41	4.81	5.33
Shipments from all other sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	8.67	6.12	5.46	5.21	5.62	5.55
Shipments from all sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	8.94	6.68	5.86	5.27	5.28	5.48

Table continued on next page.

Table IV-3--Continued
Saccharin: U.S. shipments of U.S. imports by type of saccharin, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Share of quantity (percent)					
Shipments from China:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
Shipments from all other sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
Shipments from all sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-3--Continued
Saccharin: U.S. shipments of U.S. imports by type of saccharin, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Share of value (percent)					
Shipments from China:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
Shipments from all other sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0
Shipments from all sources:						
Sodium saccharin	***	***	***	***	***	***
Calcium saccharin	***	***	***	***	***	***
Acid or insoluble saccharin	***	***	***	***	***	***
Research grade saccharin	***	***	***	***	***	***
All other saccharin	***	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0	100.0

¹ ***.

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

U.S. importers' imports subsequent to December 31, 2014

The Commission requested that importers indicate whether they arranged for the importation of saccharin from China for delivery after December 31, 2014. These imports are presented in Table IV-4.

Table IV-4
Saccharin: U.S. importers' imports subsequent to December 31, 2014, by quarter

* * * * *

U.S. IMPORTERS' INVENTORIES

Table IV-5 presents data for inventories of U.S. imports of saccharin from China and all other sources held in the United States.

Table IV-5
Saccharin: U.S. importers' end-of-period inventories of imports, by source, 2009-14

* * * * *

SUBJECT COUNTRY PRODUCERS

Table IV-6 presents *** producers of *** saccharin in China as of 2014.³

Table IV-6
Saccharin: Capacity in China as of 2014

* * * * *

***.⁴

According to ***.⁵ Chinese supply/demand for saccharin in 2013, in metric tons, is presented in the following tabulation:

* * * * *

***.⁶

THE INDUSTRY IN CHINA

Overview

The Commission sent foreign producer questionnaires to 24 potential producers of saccharin in China identified from responses to the Commission's notice of institution, the first review of the antidumping order, and independent research. The Commission received a response to its foreign producer questionnaire from one firm, Shanghai Fortune Chemical Co., Ltd. ("Shanghai Fortune").

3 ***.

4 ***.

5 ***.

6 ***.

Operations on saccharin

Table IV-7 presents data reported by Shanghai Fortune. Shanghai Fortune reported that saccharin represented *** percent of its total sales in its most recent fiscal year, *** percent of its production in 2014, and that its exports of saccharin to the United States represented an estimated *** percent of saccharin exports from China in 2014.⁷ Shanghai Fortune's reported exports to the United States ***.⁸ Shanghai Fortune reported its non-U.S. export markets as ***.⁹

Table IV-7
Saccharin: Reported China capacity, production, shipments, and inventories, 2009-14, and 2015-16 projections

* * * * *

Global Trade Atlas export shipments of saccharin from China are presented in Tables IV-8 and IV-9.

Table IV-8
Saccharin: Export shipments from China, by destination, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
Germany	3,352	4,368	3,938	4,312	4,762	5,821
Brazil	2,675	2,794	2,187	3,523	3,697	3,492
Korea South	1,718	1,866	2,205	2,674	2,247	2,466
Pakistan	745	1,469	654	1,354	1,654	2,325
Indonesia	373	747	1,382	1,868	1,950	2,219
Thailand	1,066	1,125	1,148	1,463	1,248	1,598
United States	1,001	1,446	1,130	1,987	2,457	1,513
All others	12,903	14,607	17,239	19,382	17,975	16,888
Total	23,833	28,423	29,883	36,563	35,991	36,321

Source: Global Trade Atlas, HTS 2925.11, accessed April 16, 2016.

Table IV-9
Saccharin: Export shipments from China to the United States, by type, 2009-14

* * * * *

⁷ Shanghai Fortune's foreign producer questionnaire response, sections II-6, II-7, and II-8.

⁸ Ibid., section I-3.

⁹ Ibid., section Iii-14a.

In addition to producing saccharin, Shanghai Fortune also produces ***.¹⁰ Shanghai Fortune reported that ***. According to Shanghai Fortune, ***.¹¹

Kinetic stated that selling ***.¹²

Until 2015, Shanghai Fortune's ***.¹³ During most of the period of current five-year review, Shanghai Fortune stated that ***.¹⁴ Shanghai Fortune stated that it would ***.¹⁵

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

On December 8, 2010, the Indian authorities initiated a sunset review of the antidumping duty imposed on imports of saccharin from China. On December 7, 2011, the Indian authorities issued their final findings of the sunset review. They recommended the continuation of the existing antidumping measure. On January 13, 2012, the Indian authorities issued the notification of extension of the antidumping duty imposed on imports of saccharin from China (Notification No. 7/2012-Customs (ADD), 13.01.2012). The amount of the duty is USD 2.69 per kilogram. This duty is effective for a period of five years. The original antidumping duty was decided on January 3, 2007 and imposed by Notification No. 41/2007-Customs on March 19, 2007. The amount of this duty ranged from USD 717.21 to USD 2,151.33 per metric ton, depending on the Chinese producer.¹⁶

GLOBAL MARKET

With respect to nonsubject foreign industry data, the Commission accessed publicly and nonpublicly available information regarding nonsubject foreign producers of saccharin for the period of review. The information obtained is presented in the following sections.

Capacity, production, and consumption

Data for global saccharin production capacity and production by country for the period of review are not available. Publicly available Global Trade Atlas ("GTIS") trade volume data were the principal source for the current review encompassing calendar years 2009-14. GTIS data are available at the 6-digit HTS 2925.11 level, which may include saccharin outside the scope of the review. Export and import data for four leading nonsubject global exporters of saccharin (India, Indonesia, Korea, and Taiwan) were extracted from the GTIS database, each of

¹⁰ Shanghai Fortune's foreign producer questionnaire response, section II-5a.

¹¹ Ibid., section II-5e.

¹² Kinetic's posthearing brief, responses to Commission *in camera* questions, p. 11.

¹³ Ibid., p. 22.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ "India: Extension of Antidumping Duty on Imports of Saccharin from China," Global Trade Alert, July 21, 2014.

which shipped saccharin to the United States during the period of review. Individual country trade balances (trade surpluses and deficits) were subsequently calculated and are included in Table IV-10.

Table IV-10
Saccharin: Net trade from subject and nonsubject saccharin producing countries, 2009-2014

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
Imports:						
United States	3,968	5,855	5,644	5,273	5,690	5,587
Subject:						
China	302	306	602	243	97	93
Nonsubject:						
Taiwan	1,179	2,167	1,404	928	602	745
South Korea	1,955	2,672	2,394	3,086	2,705	3,294
India	3,741	3,340	1,955	2,965	2,945	1,951
Indonesia	503	1,116	1,188	1,190	1,131	1,076
All others	33,583	42,229	35,834	32,040	35,331	30,666
Nonsubject total	40,962	51,524	42,776	40,210	42,715	37,732
World total	45,232	57,686	49,022	45,726	48,502	43,411
Exports:						
United States	1,113	1,407	913	540	556	478
Subject:						
China	23,832	28,424	29,884	36,564	35,946	35,386
Nonsubject:						
Taiwan	694	1,387	1,049	520	375	324
South Korea	3,585	3,937	4,149	3,915	3,419	4,599
India	492	1,263	1,138	1,071	725	728
Indonesia	146	295	670	432	805	1,360
All others	6,958	7,496	5,908	6,759	8,699	13,719
Nonsubject total	11,874	14,379	12,915	12,699	14,024	20,730
World total	36,819	44,209	43,711	49,802	50,525	56,595
Trade Balance:						
United States	(2,855)	(4,449)	(4,731)	(4,733)	(5,135)	(5,108)
Subject:						
China	23,530	28,118	29,282	36,321	35,849	35,294
Nonsubject:						
Taiwan	(485)	(780)	(355)	(408)	(227)	(421)
South Korea	1,629	1,265	1,755	829	714	1,305
India	(3,250)	(2,077)	(818)	(1,894)	(2,220)	(1,224)
Indonesia	(357)	(820)	(518)	(758)	(326)	284
All others	(26,625)	(34,734)	(29,926)	(25,280)	(26,632)	(16,947)
Nonsubject total	(29,088)	(37,146)	(29,862)	(27,511)	(28,691)	(17,002)
World total	(8,413)	(13,477)	(5,311)	4,076	2,024	13,184

Source: Global Trade Atlas, HTS 2925.11, accessed January 29, 2015; updated April 13, 2015.

The saccharin industries in India, Indonesia, Korea, and Taiwan are individually discussed on the following pages.

India

Several companies in India state that they produce saccharin. Salvi Chemical Industries Ltd. states that it is a manufacturer and exporter of nutritional products, veterinary products, bulk drugs, iron and iodine products, and sodium, calcium, and insoluble saccharin.¹⁷ ***.¹⁸ Vishnu Chemicals reportedly produces primarily chromium chemicals but states that it has a sodium saccharin production capacity of 2.6 million pounds.¹⁹ Shree Vardayini Chemical Ind. Pvt. Ltd. states that it produces sodium and insoluble saccharin.²⁰ N.S. Chemicals states that it produces sodium saccharin and a variety of other chemical products.²¹ Indian domestic consumption of saccharin in 2013 was estimated to be *** pounds.²² The export destinations for saccharin from India are presented in Table IV-11.

Table IV-11
Saccharin: India export destinations, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
United States	259	875	696	592	486	514
Japan	26	0	0	0	0	55
Bangladesh	44	7	2	79	41	45
Ethiopia	0	0	0	66	1	24
Nepal	1	2	1	3	7	20
Nigeria	45	8	9	42	25	14
Switzerland	0	0	0	0	0	11
All others	117	372	429	290	166	45
Total	492	1,263	1,138	1,071	725	728

Source: Global Trade Atlas, HTS 2925.11, accessed April 16, 2015.

¹⁷ Salvi Chemical Industries Ltd., <http://www.salvichem.com/> (accessed February 20, 2015).

¹⁸ ***.

¹⁹ Vishnu Chemicals, "About Us," http://www.vishnuchemicals.com/about_us.htm (accessed February 25, 2015).

²⁰ Shree Vardayini Chemical Ind. Pvt. Ltd., "Products," <http://vardayini.com/products/> (accessed February 19, 2015).

²¹ N.S. Chemicals, "Product Range & Standards," <http://nschemicals.in/#product> (accessed February 20, 2015).

²² ***.

Indonesia

Indonesia reportedly has two saccharin producers—PT Bantang Alum Industrie and PT Golden Sari.²³ PT Bantang Alum states it has a production capacity of 1.3 million pounds per year.²⁴ PT Golden Sari has an estimated production capacity of *** pounds per year.²⁵ In 2013 the Indonesian saccharin industry produced an estimated *** pounds, and domestic consumption in Indonesia was an estimated *** pounds.²⁶ The export destinations for saccharin from Indonesia are presented in Table IV-12.

Table IV-12
Saccharin: Indonesia export destinations, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
India	0	0	0	0	421	1,047
Japan	0	44	176	220	309	176
United States	145	223	494	212	26	106
Malaysia	0	0	0	0	0	18
South Africa	0	0	0	0	49	11
Saudi Arabia	0	0	1	0	1	3
Pakistan	0	29	0	0	0	0
Total	145	295	671	432	805	1,361

Source: Global Trade Atlas, HTS 2925.11, accessed April 16, 2015.

Korea

Korea reportedly has one saccharin producer—JMC Corp, which states that it produces sodium and insoluble saccharin, as well as sulfur chemicals and pharmaceuticals.²⁷ In 2013 JMC's estimated saccharin production was *** pounds, and Korean domestic consumption of saccharin was *** pounds.²⁸ The export destinations for saccharin from Korea are presented in Table IV-13.

²³ ***; PT Golden Sari, "Forewords," <http://www.goldensari.com/forewords.htm> (accessed February 17, 2015).

²⁴ PT Bantang Alum Industrie, <http://www.batangalum.com/> (accessed February 23, 2015).

²⁵ ***.

²⁶ ***.

²⁷ "Saccharin," EC21, <http://jmcsulfur.en.ec21.com/> (accessed February 25, 2015).

²⁸ ***.

Table IV-13
Saccharin: Korea export destinations, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
United States	1,443	1,647	1,373	1,951	1,750	2,675
Mexico	718	817	574	531	537	582
Netherlands	393	547	656	404	264	313
Italy	45	72	88	66	164	184
Belgium	225	198	183	148	110	170
India	11	11	5	5	31	114
Germany	152	149	155	130	95	93
All others	598	495	1,115	680	468	468
Total	3,585	3,937	4,149	3,916	3,420	4,599

Source: Global Trade Atlas, HTS 2925.11, accessed April 16, 2015.

Taiwan

Commission staff was unable to verify the existence of any saccharin producers in Taiwan. The export destinations for saccharin from Taiwan are presented in Table IV-14.

Table IV-14
Saccharin: Taiwan export destinations, 2009-14

Item	Calendar year					
	2009	2010	2011	2012	2013	2014
	Quantity (1,000 pounds)					
United States	687	1,341	1,005	483	351	322
Vietnam	3	3	0	0	1	2
Malaysia	0	0	0	0	22	0
Nigeria	0	0	0	0	0	0
Thailand	4	0	0	1	0	0
China	0	0	1	0	0	0
India	0	44	44	36	0	0
Total	694	1,387	1,049	520	373	324

Source: Global Trade Atlas, HTS 2925.11, accessed April 16, 2015.

FOREIGN DEMAND

As presented in Table IV-15, firms reported a variety of responses characterizing demand for saccharin outside the United States. Importers reported that the demand for saccharin outside the U.S. market since 2009 had decreased (2 firms), not changed (2 firms), or fluctuated (4 firms). One importer that reported a decrease in demand pointed to a wider variety of commonly available and popular sweeteners as the reason. Purchasers reported that the demand for saccharin outside the U.S. market had increased (2 firms), not changed (2 firms), or fluctuated (1 firm). Of the purchasers that reported an increase in demand, *** reported that metal finishing had since moved off-shore, and *** suggested that an increase in

the global population may lead to an increase in production of products containing saccharin. Firms' anticipations regarding demand for saccharin outside the U.S. market mirrored their impressions of demand for saccharin outside the U.S. market since 2009.

Chinese producer Shanghai Fortune reported that demand for saccharin in the Chinese market had decreased since 2009, but it did not anticipate any further changes. It stated that "***."

Table IV-15
Saccharin: Firms' responses regarding demand outside of the United States, since January 2009

Item	Number of firms reporting			
	Increase	No change	Decrease	Fluctuate
Demand outside the United States:				
U.S. producers	0	1	0	0
Importers	0	2	2	4
Purchasers	2	2	0	1
Anticipated demand outside the United States:				
U.S. producers	0	1	0	0
Importers	0	2	2	4
Purchasers	2	2	0	1

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

FOREIGN PRICES

Producers and importers were asked to compare prices of saccharin in U.S. and foreign markets. U.S. producer PMC stated that "***", and importer Epic Chemicals reported that "****." Purchaser *** also reported that "****."

Chinese producer Shanghai Fortune reported that "***", and anticipated that prices in nonsubject country markets "***", but that "****."

PART V: PRICING DATA

FACTORS AFFECTING PRICES

Raw material costs

In the original investigation, when the primary raw material inputs in domestic saccharin production were isatoic anhydride and methyl anthranilate, the raw material costs as a percent of the U.S. producers' total costs of goods sold (COGS) ranged from *** percent to *** percent. ***, a redesigned raw material input, ***, was introduced into the saccharin production process. In the current review, with *** as the principal raw material input, the total raw material costs as a percent of the U.S. producers/tolles' COGS ranged from *** to ***, and averaged *** percent during 2009-14.^{1 2}

Transportation costs to the U.S. market

Transportation costs for saccharin shipped from China to the United States ranged from 0.01 percent (2009) to 0.03 percent (2013), and averaged 0.02 percent during 2009-14. These estimates were derived from official import data and represent the transportation and other charges on imports.³

Five of seven responding importers *** reported that the exporter typically arranges international transportation. When asked to report or estimate the average cost to ship typical volumes of saccharin from China to the United States, four importers reported a cost of less than \$1 per pound. Shanghai Fortune reported that the cost of shipping saccharin to the United States was *** per pound.

U.S. inland transportation costs

*** and ***, as well as five of nine responding importers, reported that the producer typically arranges transportation to its customers. *** reported that their U.S. inland transportation costs were *** percent of the total delivered cost, while importers reported costs ranging from less than 1 percent to 10 percent.

¹ ***.

² During the hearing, Commissioner Pinkert asked questions regarding the market price of *** as it relates to the price of finished saccharin. Kinetic stated in its poshearing brief that ***, since the price "***." Kinetic's confidential response to Commission's hearing questions, pp. 23-24. Kinetic's reported cost of *** during 2009-14 averaged ***, however, which accounted for *** percent of the price of its finished saccharin sold during the same time period.

***.

³ The estimated transportation costs were obtained by subtracting the customs value from the c.i.f. value of the imports for 2014 and then dividing by the customs value based on the HTS subheading 2925.11.00.

PRICING PRACTICES

Pricing methods

As presented in table V-1, *** reported using transaction-by-transaction negotiations and importers reported using primarily transaction-by-transaction negotiations (12 firms) and contracts (10 firms). One importer reported using transaction-by-transaction negotiations, contracts, and set price lists, and another reported selling based on set price lists and their customer's "required volume and repeat patterns."

Table V-1

Saccharin: U.S. producers/toltees' and importers' reported price setting methods, by number of responding firms¹

Method	U.S. producers/toltees	Importers
Transaction-by-transaction	***	12
Contract	***	10
Set price list	***	1
Other	***	2

¹ The sum of responses down may not add up to the total number of responding firms as each firm was instructed to check all applicable price setting methods employed.

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

*** sold saccharin *** spot sales, while importers sold primarily through use of annual contracts (see table V-2).

Table V-2

Saccharin: U.S. producers/toltees' and importers' shares of U.S. commercial shipments by type of sale, 2014

Type of sale	U.S. producers/toltees	Importers
Long-term contracts	***	***
Annual contracts	***	***
Short-term contracts	***	***
Spot sales	***	***
Total	100.0	100.0

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

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

Two purchasers reported that they purchase product monthly, two reported purchasing quarterly, and one reported purchasing annually.⁴ Remaining firms reported that they purchase semi-annually, based on annual or two-year contracts, based on their customers' needs, based on the differing usage levels at each of their locations, or based on the production schedules and inventory on hand.

Ten of 12 responding purchasers reported that they did not expect their purchasing patterns to change in the next two years. One purchaser reported that its customer is testing saccharin from other sources, and another reported that it expects to begin purchasing monthly when it switches to a local distributor. Purchasers reported contacting one to five suppliers before making a purchase.

Sales terms and discounts

*** reported that it quotes prices ***, with typical sales terms of ***. *** reported that it quotes *** percent of its prices on a delivered basis and *** on an f.o.b. basis ***, with typical sales terms of ***.⁵ *** offered discounts.

Seven importers reported that they typically quote prices on a delivered basis, six reported that they typically quote prices on an f.o.b. basis, and three reported that they typically quote prices based on both a delivered and an f.o.b. basis. Eleven importers reported typical sales terms of net 30 days, four reported typical sales terms of both net 30 days and net 60 days, and one firm reported typical sales terms of net 45 days. Most (14 of 17) importers offered no discounts, though one firm reported offering quantity discounts and two reported offering annual total volume discounts.

Price leadership

Two purchasers reported that PMC was a price leader, with one firm explaining that it only purchases from that supplier, and three purchasers reported that Shanghai Fortune was a price leader.

Of those firms that named Shanghai Fortune as a price leader, *** also named NS Chemicals, stating that "****." *** noted that Shanghai Fortune is "****." A third firm, ***, reported that Shanghai Fortune is a price leader in China and *** is a price leader in the United States, stating that *** "****." It also stated that "****."⁶

⁴ No purchasers reported that they purchase product daily, and none reported that they purchase weekly.

⁵ Email from ***, February 23, 2015.

⁶ ***'s U.S. purchaser questionnaire response, section III-27.

PRICE DATA

The Commission requested U.S. producers/toltees and importers to provide quarterly data for the total quantity and f.o.b. value of the following saccharin products shipped to unrelated U.S. customers during January 2009 – December 2014.

Product 1.—Sodium saccharin, granular, sized or unsized, FCC, 10-17 percent water.

Product 2.—Sodium saccharin, powder, FCC, 3-6 percent water.

Product 3.—Acid or insoluble saccharin, spray-dried powder, FCC.

Product 4.—Calcium saccharin, granular, spray-dried powder, FCC.

Product 5.—Sodium saccharin, granular, sized or unsized, non-food grade, 10-17 percent water.

*** and seven U.S. importers provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.⁷ Pricing data reported by these firms accounted for approximately *** percent of U.S. producers/toltees' shipments and 99.3 percent of U.S. shipments of saccharin imported from China for the current period of review.

Price data for products 1-4 are presented in tables V-3 to V-5 and figures V-1 to V-4. No domestic producers reported price data for products 2, 3, or 5.⁸

Table V-3

Saccharin: Weighted-average f.o.b. prices and quantities of domestic and imported product 1¹ and margins of underselling/(overselling), by quarter, January 2009-December 2014

* * * * *

Table V-4

Saccharin: Weighted-average f.o.b. prices and quantities of imports of products 2¹ and 3² from China, by quarter, January 2009-December 2014

* * * * *

⁷ Per-unit pricing data are calculated from total quantity and total value data provided by U.S. producers and importers. The precision of these figures may be affected by rounding, limited quantities, and producer/tollee or importer estimates.

⁸ ***.

Table V-5

Saccharin: Weighted-average f.o.b. prices and quantities of domestic and imported product 4¹ and margins of underselling/(overselling), by quarter, January 2009-December 2014

* * * * *

Figure V-1

Saccharin: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,¹ by quarter, January 2009-December 2014

* * * * *

Figure V-2

Saccharin: Weighted-average f.o.b. prices and quantities of imported product 2,¹ by quarter, January 2009-December 2014

* * * * *

Figure V-3

Saccharin: Weighted-average f.o.b. prices and quantities of imported product 3,¹ by quarter, January 2009-December 2014

* * * * *

Figure V-4

Saccharin: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,¹ by quarter, January 2009-December 2014

* * * * *

Price trends

U.S. prices for domestic products 1 and 4 decreased during 2009-14, and Chinese prices decreased for products 1, 2, and 4 but increased for product 3.⁹ Table V-6 summarizes the price trends, by country and by product. The U.S. price declines for product 4 reflect limited activity (present in *** of 24 quarters). The products for which China experienced overall price declines were sodium saccharin products 1 and 2 and calcium saccharin product 4.

⁹ *** reported a small volume of imports *** for the fourth quarter of 2014, but the data point was anomalous and inconsistent with general price trends, and as such has been excluded from this analysis. Including this anomalous data point results in a price increase *** during 2009-14 of *** percent.

Table V-6

Saccharin: Summary of weighted-average f.o.b. prices for products 1-4 from the United States and China

Item	Number of quarters	Low price (per pound)	High price (per pound)	Change in price ¹ (percent)
Product 1				
United States	***	\$***	\$***	***
China	24	***	***	***
Product 2				
United States	--	--	--	--
China	16	***	***	***
Product 3				
United States	--	--	--	--
China	8	***	***	***
Product 4				
United States	***	***	***	***
China	24	***	***	***

¹ Percentage change from the first quarter in which data were available to the last quarter in which price data were available.

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

Price comparisons

In the original investigation, “prices of imported saccharin from China were consistently lower than {domestic} prices on sales to end users for all five product categories. Margins of underselling for the 45 quarterly comparisons ranged from 6.0 percent and 59.6 percent.”¹⁰

In the first review, there were “*** price increases recorded for products 1, 2 and 3 during 2008... {and} there is evidence that these price spikes were the result of a world-wide shortage of saccharin.”¹¹

As shown in table V-7, prices for saccharin imported from China during 2009-14 were below those for U.S.-produced product in *** instances; margins of underselling ranged from *** to *** percent. In the remaining *** instances, prices for saccharin from China were between *** and *** percent above prices for the domestic product.¹²

¹⁰ *Saccharin from China, Inv. No.731-TA-1013 (Final)*, USITC Publication 3606, June 2003, p. V-4.

¹¹ *Confidential Staff Report, Saccharin from China, Inv. No.731-TA-1013 (Review)*, April 2009, p. V-4.

¹² In its prehearing brief and during the hearing, Kinetic calculated that Chinese export prices to nonsubject countries between 2009 and 2013 (excluding India, which maintains an import tariff on Chinese saccharin) averaged \$1.67 per pound less than Chinese exports prices to the United States during the same time period, alleging that absent the order “U.S. saccharin prices would fall accordingly, resulting in less revenue per unit sold for the U.S. industry.” Hearing transcript, p. 17, pp. 43-44 (Boltuck); Kinetic’s prehearing brief, pp. 46.

Table V-7

Saccharin: Instances of underselling/overselling and the range and average of margins, by country, January 2009-December 2014

* * * * *

Purchasers' perceptions of relative price trends

Purchasers were asked how the prices of saccharin from the United States had changed relative to the prices of saccharin from China since 2009. Six purchasers reported that the price of U.S.-produced saccharin is now relatively higher than the price of saccharin from China, and one reported that it is lower.

APPENDIX A

***FEDERAL REGISTER* NOTICES**

The Commission makes available notices relevant to its investigations and reviews on its website, www.usitc.gov. In addition, the following tabulation presents, in chronological order, *Federal Register* notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
79 FR 24673 May 1, 2014	<i>Initiation of Five-Year ("Sunset") Review</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-05-01/pdf/2014-10020.pdf
79 FR 24749 May 1, 2014	<i>Saccharin from China; Institution of a Five-year Review</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-05-01/pdf/2014-09315.pdf
79 FR 47478 August 13, 2014	<i>Saccharin from China; Notice of Commission Determination To Conduct a Full-Five-Year Review</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-08-13/pdf/2014-19081.pdf
79 FR 51139 April 27, 2014	<i>Saccharin from the People's Republic of China: Final Results of Expedited Second Sunset Review of the Antidumping Duty Order</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-08-27/pdf/2014-20395.pdf
79 FR 66740 November 10, 2014	<i>Saccharin from China Scheduling of a Full Five-Year Review</i>	http://www.gpo.gov/fdsys/pkg/FR-2014-11-10/pdf/2014-26628.pdf
<p>Note.—The press release announcing the Commission's determinations concerning adequacy and the conduct of a full or expedited review can be found at http://usitc.gov/press_room/news_release/2012/er0409kk1.htm. A summary of the Commission's votes concerning adequacy and the conduct of a full or expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11452. The Commission's explanation of its determinations can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11453.</p>		

APPENDIX B

LIST OF HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Saccharin from China
Inv. No.: 731-TA-1013 (Review)
Date and Time: March 31, 2015 - 9:40 a.m.

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

OPENING REMARKS:

In Support of Continuation (**William E. Perry**, Dorsey & Whitney LLP)

SESSION 1: THOSE IN SUPPORT OF CONTINUATION DIRECT PRESENTATION (Open to Public)

**In Support of the Continuation of the
Antidumping Duty:**

Dorsey & Whitney LLP
Washington, D.C.
on behalf of

Kinetic Industries, Inc.

Cheng Lu, President *and* Owner, Kinetic Industries, Inc.

Marty Dansbury, Vice President of Business Development,
American Custom Drying

Roger Hare, Controller, American Custom Drying

George Kin Chung Chan, President *and* Owner, Shanghai
Fortune Chemical Co., Ltd.

Richard Boltuck, Economist, Charles River Associates

William E. Perry)
) – OF COUNSEL
T. Augustine Lo)

SESSION 2: PUBLIC QUESTIONS BY COMMISSIONERS (Open to Public)

SESSION 3: CONFIDENTIAL QUESTIONS BY COMMISSIONERS (Closed to Public)

CLOSING REMARKS:

In Support of Continuation (**William E. Perry**, Dorsey & Whitney LLP)

-END-

APPENDIX C
SUMMARY DATA

Table C-1
Saccharin: Summary data concerning the U.S. market, 2009-2014

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Report data					
	Calendar year					
	2009	2010	2011	2012	2013	2014
U.S. consumption quantity:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. consumption value:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. importers' U.S. shipments of Imports from:						
China:						
Quantity.....		1,171	1,333	1,602	2,267	1,573
Value.....	15,088	10,228	9,604	8,666	10,901	8,390
Unit value.....	\$9.48	\$8.73	\$7.20	\$5.41	\$4.81	\$5.33
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	3,164	4,272	4,422	3,500	3,132	3,197
Value.....	27,421	26,132	24,143	18,218	17,615	17,733
Unit value.....	\$8.67	\$6.12	\$5.46	\$5.21	\$5.62	\$5.55
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	4,756	5,443	5,755	5,102	5,399	4,770
Value.....	42,509	36,360	33,747	26,884	28,516	26,123
Unit value.....	\$8.94	\$6.68	\$5.86	\$5.27	\$5.28	\$5.48
Ending inventory quantity.....	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
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 (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

Table continued next page.

Table C-1--Continued
Saccharin: Summary data concerning the U.S. market, 2009-2014

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Period changes					
	Calendar year					
	2009-14	2009-10	2010-11	2011-12	2012-13	2013-14
U.S. consumption quantity:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. consumption value:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. importers' U.S. shipments of Imports from:						
China:						
Quantity.....	(1.2)	(26.4)	13.8	20.2	41.5	(30.6)
Value.....	(44.4)	(32.2)	(6.1)	(9.8)	25.8	(23.0)
Unit value.....	(43.7)	(7.8)	(17.5)	(24.9)	(11.1)	10.9
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	1.1	35.0	3.5	(20.9)	(10.5)	2.1
Value.....	(35.3)	(4.7)	(7.6)	(24.5)	(3.3)	0.7
Unit value.....	(36.0)	(29.4)	(10.7)	(4.7)	8.1	(1.4)
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	0.3	14.5	5.7	(11.3)	5.8	(11.7)
Value.....	(38.5)	(14.5)	(7.2)	(20.3)	6.1	(8.4)
Unit value.....	(38.7)	(25.3)	(12.2)	(10.1)	0.2	3.7
Ending inventory quantity.....	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
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 (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

Notes:
fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.

Table C-2
Saccharin: Summary data concerning the U.S. market [*], 2009-2014**

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Report data					
	Calendar year					
	2009	2010	2011	2012	2013	2014
U.S. consumption quantity:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. consumption value:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. importers' U.S. shipments of Imports from:						
China:						
Quantity.....		1,171	1,333	1,602	2,267	1,573
Value.....	15,088	10,228	9,604	8,666	10,901	8,390
Unit value.....	\$9.48	\$8.73	\$7.20	\$5.41	\$4.81	\$5.33
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	3,164	4,272	4,422	3,500	3,132	3,197
Value.....	27,421	26,132	24,143	18,218	17,615	17,733
Unit value.....	\$8.67	\$6.12	\$5.46	\$5.21	\$5.62	\$5.55
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	4,756	5,443	5,755	5,102	5,399	4,770
Value.....	42,509	36,360	33,747	26,884	28,516	26,123
Unit value.....	\$8.94	\$6.68	\$5.86	\$5.27	\$5.28	\$5.48
Ending inventory quantity.....	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
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 (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

Table continued next page.

Table C-2--Continued
Saccharin: Summary data concerning the U.S. market [*], 2009-2014**

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Period changes					
	Calendar year					
	2009-14	2009-10	2010-11	2011-12	2012-13	2013-14
U.S. consumption quantity:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. consumption value:						
Amount.....	***	***	***	***	***	***
Producers' share (fn1).....	***	***	***	***	***	***
Importers' share (fn1):						
China.....	***	***	***	***	***	***
All others sources.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. importers' U.S. shipments of Imports from:						
China:						
Quantity.....	(1.2)	(26.4)	13.8	20.2	41.5	(30.6)
Value.....	(44.4)	(32.2)	(6.1)	(9.8)	25.8	(23.0)
Unit value.....	(43.7)	(7.8)	(17.5)	(24.9)	(11.1)	10.9
Ending inventory quantity.....	***	***	***	***	***	***
All other sources:						
Quantity.....	1.1	35.0	3.5	(20.9)	(10.5)	2.1
Value.....	(35.3)	(4.7)	(7.6)	(24.5)	(3.3)	0.7
Unit value.....	(36.0)	(29.4)	(10.7)	(4.7)	8.1	(1.4)
Ending inventory quantity.....	***	***	***	***	***	***
Total imports:						
Quantity.....	0.3	14.5	5.7	(11.3)	5.8	(11.7)
Value.....	(38.5)	(14.5)	(7.2)	(20.3)	6.1	(8.4)
Unit value.....	(38.7)	(25.3)	(12.2)	(10.1)	0.2	3.7
Ending inventory quantity.....	***	***	***	***	***	***
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
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 (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

Notes:
fn1.--Report data are in percent and period changes are in percentage points.
fn2.--Undefined.

Table C-3
Sucralose: Summary data concerning the U.S. market, 2009-2014

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Report data					
	Calendar year					
	2009	2010	2011	2012	2013	2014
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
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 (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

Table continued next page.

Table C-3--Continued
Sucralose: Summary data concerning the U.S. market, 2009-2014

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound; Period changes=percent--exceptions noted)

	Period changes					
	Calendar year					
	2009-14	2009-10	2010-11	2011-12	2012-13	2013-14
U.S. producers':						
Average capacity quantity.....	***	***	***	***	***	***
Production quantity.....	***	***	***	***	***	***
Capacity utilization (fn1).....	***	***	***	***	***	***
U.S. shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Export shipments:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Inventories/total shipments (fn1).....	***	***	***	***	***	***
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 (fn1).....	***	***	***	***	***	***
Operating income or (loss)/sales (fn1).....	***	***	***	***	***	***

Notes:

fn1.--Report data are in percent and period changes are in percentage points.

fn2.--Undefined.

APPENDIX D

**COMMENTS ON THE SIGNIFICANCE OF THE EXISTING ANTIDUMPING DUTY
ORDER AND THE LIKELY EFFECTS OF REVOCATION**

Appendix D is confidential in its entirety

