Sodium Hexametaphosphate from China

Investigation No. 731-TA-1110 (Review)

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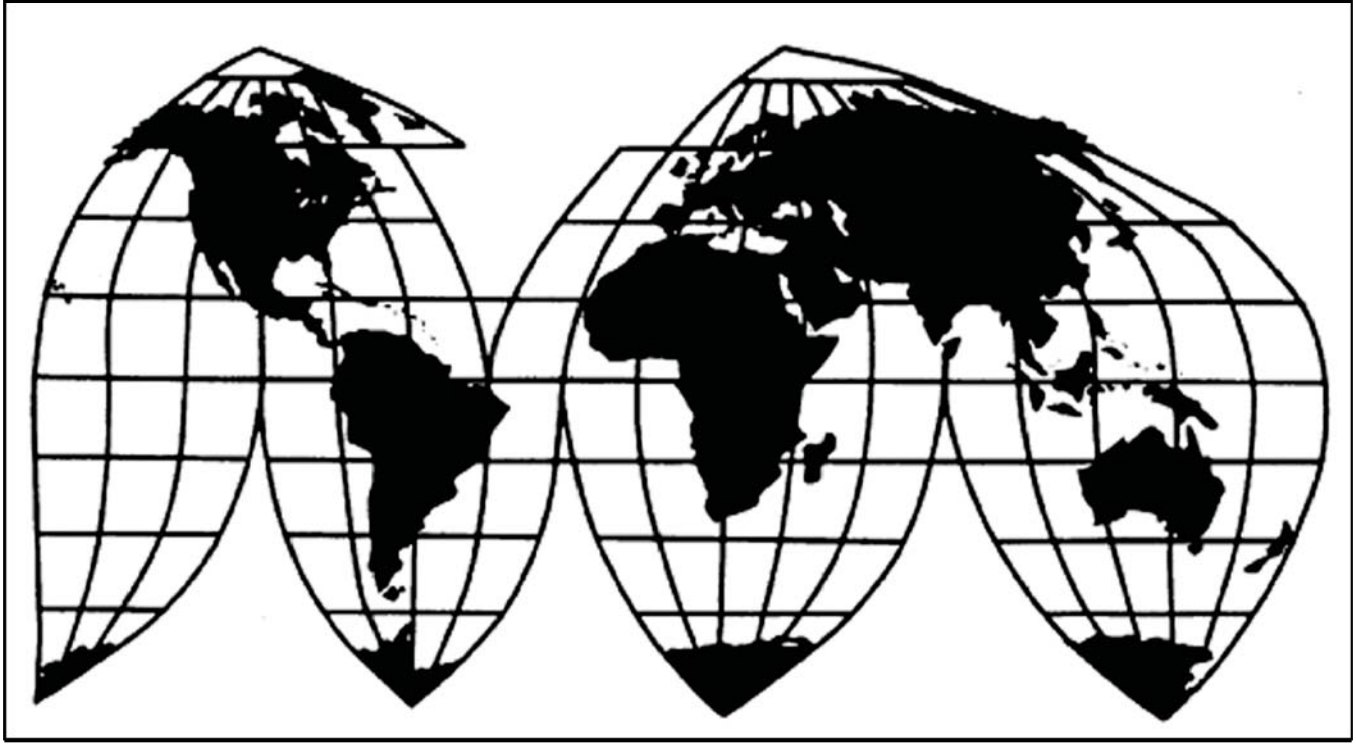
U.S. International Trade Commission



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U.S. International Trade Commission

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Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1110 (Review)

SODIUM HEXAMETAPHOSPHATE FROM CHINA

DETERMINATION

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty order on sodium hexametaphosphate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

BACKGROUND

The Commission instituted this review on February 1, 2013 (78 FR 7452) and determined on May 7, 2013, that it would conduct an expedited review (78 FR 31576, May 24, 2013).

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

Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping duty order on sodium hexametaphosphate ("SHMP") from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

I. Background

The original investigation of SHMP from China was initiated in response to a petition filed on February 8, 2007, by ICL Performance Products LP ("ICL") and Innophos, Inc. ("Innophos").[1] In February 2008, the Commission determined that an industry in the United States was materially injured by reason of imports of SHMP from China that the Department of Commerce ("Commerce") had found had been sold at less than fair value.[2] Commerce imposed an antidumping duty order on imports of SHMP from China on March 19, 2008.[3]

The Commission instituted this review on February 1, 2013.[4] The Commission received one substantive joint response to the notice of institution from ICL and Innophos (collectively "Domestic Producers").[5] It did not receive a response from any respondent interested party. On May 7, 2013, the Commission found Domestic Producers' response to the notice of institution to be individually adequate, the domestic interested party group response to be adequate, and the respondent interested party group response to be inadequate. The Commission did not find any circumstances that would warrant conducting a full review and determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act.[6]

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[1] Confidential Report ("CR") at I-2; Public Report ("PR") at I-2.

[2] *Sodium Hexametaphosphate from China*, Inv. No. 731-TA-1110 (Final), USITC Pub. 3984 at 1 (Mar. 2008) ("*Original Determination*").

[3] Notice of Antidumping Duty Order: Sodium Hexametaphosphate from China, 73 Fed. Reg. 14472 (March 19, 2008).

[4] *Sodium Hexametaphosphate from China*: Institution of a Five-Year Review Concerning the Antidumping Duty Order on Sodium Hexametaphosphate from China, 78 Fed. Reg. 7452 (February 1, 2013).

[5] Response to the Commission's Notice of Institution, March 4, 2013 ("Domestic Producers' Response to Notice of Institution"). On June 5, 2013, ICL and Innophos jointly filed comments with the Commission pursuant to 19 C.F.R. § 207.62(d). *Sodium Hexametaphosphate from the People's Republic of China*: Petitioners' Comments on the Record (June 5, 2013) ("Domestic Producers' Comments").

[6] *See* Explanation of Commission Determination on Adequacy (EDIS Doc. No. 509219).

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."[7] 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."[8] 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.[9]

Commerce has defined the imported merchandise within the scope of the order under review as follows:

> The merchandise subject to the order is sodium hexametaphosphate. Sodium hexametaphosphate is a water-soluble polyphosphate glass that consists of a distribution of polyphosphate chain lengths. It is a collection of sodium polyphosphate polymers built on repeating $NaPO_3$ units. Sodium hexametaphosphate has a P_2O_5 content from 60 to 71 percent. Alternate names for sodium hexametaphosphate include the following: Calgon; Calgon S; Glassy Sodium Phosphate; Sodium Polyphosphate, Glassy; Metaphosphoric Acid; Sodium Salt; Sodium Acid Metaphosphate; Graham's Salt; Sodium Hex; Polyphosphoric Acid, Sodium Salt; Glass H; Hexaphos; Sodaphos; Vitrafos; and BAC-N-FOS. Sodium hexametaphosphate is typically sold as a white powder or granule (crushed) and may also be sold in the form of sheets (glass) or as a liquid solution. It is imported under heading 2835.39.5000, Harmonized Tariff Schedule of the United States ("HTSUS"). It may also be imported as a blend or mixture under heading 3824.90.3900, HTSUS. The American Chemical Society, Chemical Abstract Service ("CAS") has assigned the name "Polyphosphoric Acid, Sodium Salt" to sodium hexametaphosphate. The CAS registry number is 68915-31-1. However, sodium hexametaphosphate is commonly identified by CAS No. 10124-56-8 in the market. For purposes of the order, the narrative description is dispositive, not the tariff heading, CAS registry number or CAS name.

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[7] 19 U.S.C. § 1677(4)(A).

[8] 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).

[9] *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).

> The product covered by the order includes sodium hexametaphosphate in all grades, whether food grade or technical grade. The product covered by the order includes sodium hexametaphosphate without regard to chain length i.e., whether regular or long chain. The product covered by the order includes sodium hexametaphosphate without regard to physical form, whether glass, sheet, crushed, granule, powder, fines, or other form, and whether or not in solution.
>
> However, the product covered by the order does not include sodium hexametaphosphate when imported in a blend with other materials in which the sodium hexametaphosphate accounts for less than 50 percent by volume of the finished product.[10]

SHMP is a translucent, solid material that has many uses, including as an input in the production of many industrial and consumer products; applications include water treatment, food and beverage production, and clay processing. It is a glassy phosphate that may easily be dissolved in water, a characteristic that no other phosphate shares.[11]

The scope definition set out above is unchanged from Commerce's scope definition in the original investigation. In the Commission's original determination, it defined a single domestic like product consisting of SHMP, coextensive with the scope of the investigation.[12] There is no new information obtained during this review that would suggest any reason to revisit the Commission's domestic like product definition in the original determination, and Domestic Producers agree with that definition.[13] Therefore, we continue to define the domestic like product as SHMP, coextensive with the scope definition.

B. Domestic Industry

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."[14] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original determination, the Commission defined the domestic industry as consisting of all domestic producers of SHMP and did not exclude any domestic producer as a

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[10] *Sodium Hexametaphosphate from the People's Republic of China*: Final Results of Expedited First Sunset Review of the Antidumping Duty Order, 78 Fed. Reg. 34989 (June 11, 2013).

[11] CR at I-7, PR at I-6.

[12] *Original Determination*, USITC Pub. 3984 at 6.

[13] Domestic Producers' Response to Notice of Institution at 24.

[14] 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.

related party.[15] There are no related party issues in this review. Accordingly, we define the domestic industry as all domestic producers of SHMP.

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."[16] The 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."[17] Thus, the likelihood standard is prospective in nature.[18] 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.[19]

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[15] *Original Determination*, USITC Pub. 3984 at 25. In this review, Domestic Producers agree with the Commission's definition of the domestic industry in the original investigation. Domestic Producers' Response to Notice of Institution at 24.

[16] 19 U.S.C. § 1675a(a).

[17] SAA at 883-84. 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.

[18] 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.

[19] *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'").

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."[20] 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."[21]

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."[22] 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).[23] The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[24]

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[25] 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.[26]

In evaluating the likely price effects of subject imports if the order under review is revoked, the Commission is directed to consider whether there is likely to be significant

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[20] 19 U.S.C. § 1675a(a)(5).

[21] 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*.

[22] 19 U.S.C. § 1675a(a)(1).

[23] 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings with respect to the subject antidumping duty order. CR at I-3, PR at I-3.

[24] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[25] 19 U.S.C. § 1675a(a)(2).

[26] 19 U.S.C. § 1675a(a)(2)(A-D).

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.[27]

In evaluating the likely impact of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to 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.[28] 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 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.[29]

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the SHMP industry in China. There also is limited information on the SHMP market in the United States during the period of review. Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and the limited new information on the record in this five-year review.

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is 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."[30] The following conditions of competition inform our determination.

Demand Conditions. In the original investigation, the Commission found that SHMP is an input in the production of many industrial and consumer products and that its demand is

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[27] *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.

[28] 19 U.S.C. § 1675a(a)(4).

[29] 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.

[30] 19 U.S.C. § 1675a(a)(4).

derived from the demand for those end-use products. The Commission stated that the primary uses of SHMP are for water treatment, other industrial applications, industrial and institutional cleaners, meat/seafood/poultry production, other consumer products, and dentifrices. Apparent consumption of SHMP fluctuated during the period of investigation, but increased overall by *** percent from 2004 to 2006.[31]

The conditions of competition pertaining to demand have not changed significantly since the original investigation. Demand for SHMP is still derived from the downstream products in which SHMP is used.[32] Apparent domestic consumption declined from *** metric tons in 2006 to *** metric tons in 2012.[33]

Supply Conditions. In the original investigation, the Commission found that two domestic producers, ICL and Innophos, accounted for *** U.S. production of SHMP. The Commission stated that the domestic industry had historically supplied only a portion of the U.S. market for SHMP, with the remainder being supplied by imports. The domestic producers' share of the U.S. market declined steadily from 2004 to 2006, while the share held by subject imports increased, and the share held by nonsubject imports fluctuated but increased *** overall.[34]

In this review, ICL and Innophos are the only known domestic producers of SHMP. Since the antidumping duty order went into effect in 2008, the volume of subject imports has declined substantially, and the volume of nonsubject imports has fluctuated.[35] In 2012, the domestic industry was the *** supplier to the U.S. market, and it supplied a *** larger share than it did in 2006.[36] Nonsubject sources were the *** supplier to the U.S. market in 2012, and subject imports were present at *** levels.[37]

Substitutability and Other Conditions. In the original investigation, the Commission stated that SHMP is produced in food and technical grades, and SHMP of either grade can be characterized as either regular or long chain.[38] It found that within form or grade, SHMP is

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[31] *Original Determination*, USITC Pub. 3984 at 9-10.

[32] CR at I-36 - I-37; PR at I-26.

[33] CR/PR at Table I-7. We explain in Section III.C.1. below how import data used in the apparent consumption calculation were derived.

[34] *Original Determination*, USITC Pub. 3984 at 9-13.

[35] CR/PR at Tables I-6 & I-7; CR at I-32, I-35 - I-36; PR at I-21, I-24 – I -26.

[36] CR/PR at Tables I-7 & I-8.

[37] CR/PR at Tables I-7 & I-8; Domestic Producers' Comments at 9.

[38] *Original Determination*, USITC Pub. 3984 at 8. The Commission stated that food-grade SHMP is required to meet stricter standards for quality and purity than technical-grade SHMP; food-grade SHMP is used in food and beverage production and dental applications, while technical-grade SHMP is used in water treatment, personal care products, pet food and industrial uses. *Id*. at 8 and n.34. The Commission stated that the chain designation refers to the average length of the polyphosphate chains in the sample and that long-chain SHMP is generally used in beverage and dental applications, while regular-chain SHMP is used more in industrial applications. *Id.* at 8-9.

generally interchangeable regardless of where it is produced. The Commission noted that U.S. producers and most importers and purchasers reported that the U.S. product, subject imports, and nonsubject imports are frequently or always comparable.[39] The Commission found that SHMP's high degree of solubility limited the products that could be substituted for it.[40]

The limited information available in this review indicates that, as in the original investigation, the U.S. product, subject imports, and nonsubject imports are frequently or always comparable.[41] Both the domestic industry and the industry in China are able to supply food-grade SHMP and technical-grade SHMP at various chain lengths to U.S. customers.[42]

In the original investigation, the Commission noted a divergence of views by market participants as to the importance of price in purchasing decisions, but found that all domestic producers and some responding importers reported that price was an important factor and that non-price differences were only *** in purchasing decisions.[43] There is no information in the record of the current review that suggests any change with respect to the importance of price.

C. Revocation of the Antidumping Order Is 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

Original Investigation. In the original investigation, the Commission found that subject imports accounted for a large and increasing share of U.S. consumption and increased relative to U.S. production during the period of investigation. The market share of subject imports increased from *** percent in 2004 to *** percent in 2006. The ratio of the quantity of subject imports to U.S. production rose steadily from *** percent in 2004 to *** percent in 2006. The volume of subject imports fluctuated between years, but increased overall from 2004 to 2006. The Commission found that the volume of nonsubject imports fluctuated over the period, with an overall increase both in absolute terms and relative to U.S. consumption, but was much smaller than subject imports in absolute terms. The Commission found that the subject imports gained market share largely at the expense of the domestic industry. Accordingly, the Commission found the volume of subject imports to be significant, both in absolute terms and relative to consumption and production in the United States.[44]

Current Review. In this five-year review, largely because subject producers in China have declined to participate or furnish information, the Commission is constrained to rely on

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[39] *Original Determination*, USITC Pub. 3984 at 13.
[40] *Original Determination*, USITC Pub. 3984 at 13.
[41] CR at I-17; PR at I-11.
[42] CR at I-10, I-11, I-41; PR at I-8, I-27.
[43] *Original Determination*, USITC Pub. 3984 at 19.
[44] *Original Determination,* USITC Pub. 3984 at 15-18.

the facts available on the record.[45] The information available indicates that subject import volumes have been restrained by the order and have declined significantly since imposition of the order in 2008. Subject import volume was *** metric tons in 2006, but only 160 metric tons in 2012.[46] In 2012 subject imports accounted for only *** percent of apparent U.S. consumption.[47]

Information available in this review indicates that China is the world's largest producer of SHMP, accounting for more than two-thirds of global production capacity.[48] According to information in the record, the aggregate annual capacity to produce SHMP in China is estimated to be 479,000 metric tons.[49] Chinese SHMP producer Hubei Xingfa Chemical Group Company, Ltd. was the largest source of subject imports during the original investigation, accounting for *** percent of Chinese exports to the United States in 2006. This producer is estimated to have a production capacity of 66,000 metric tons in 2013; it had a capacity of *** metric tons in 2006.[50] Capacity utilization rates for the SHMP industry in China were reportedly 55.3 percent in 2011 and 60.2 percent in 2012, meaning that unused capacity in China in 2012 substantially exceeded apparent U.S. consumption of SHMP in 2012.[51] Moreover, Chinese SHMP producers reportedly regard the Chinese market for SHMP as saturated, with demand in China viewed as unlikely to undergo a surge in the next few years.[52] China is the world's largest net exporter of SHMP, with its SHMP exports exceeding its imports by over 55,000 metric tons in 2012.[53] Thus, the information available in this review indicates that the SHMP industry in China possesses large and underutilized production capacity and a strong export orientation and that it is faced with limited demand growth for SHMP in China. Thus, the record indicates that the industry in China has the ability to increase subject imports substantially upon revocation.[54]

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[45] In the original investigation, the Commission found that the official import statistics covering SHMP involved a "basket" category that also contained merchandise outside the scope. The Commission accordingly made adjustments to the import data for the annual periods on the basis of information provided by petitioners and importers, but such adjustments were not possible for the interim periods. *Original Determination,* USITC Pub. 3984 at 15 n.67.

Official import statistics covering SHMP still involve a "basket" category that contains merchandise outside the scope. Accordingly, the import data presented in table I-6 (U.S. Imports) and table I-7 (U.S. Consumption) of the Commission report include import data from only those countries believed to have produced SHMP and have been derived to the extent possible from export data specific to SHMP. CR at I-33; PR at I-21.

[46] CR/PR at Table I-7.

[47] CR/PR at Table I-8.

[48] CR/PR at Table I-11; CR at I-48; PR at I-33.

[49] CR/PR at Table I-9; CR at I-43; PR at I-28.

[50] CR/PR at Table I-9; CR at I-41 – I-42; PR at I-27.

[51] CR at I-43; PR at I-28; CR/PR at Table I-8.

[52] CR at I-43, PR at I-28.

[53] CR/PR at Table I-12.

[54] There is no information in the record regarding existing inventories of the subject merchandise. Domestic Producers argue that Chinese producers of the subject merchandise can easily shift from producing other sodium phosphate products that they are currently supplying to the U.S. (Continued…)

The information available also shows that the United States is the world's largest net importer of polyphosphates (including, but not limited to, SHMP), with U.S. polyphosphate imports exceeding exports by over 55,000 metric tons in 2012.[55] Chinese SHMP producers have well-established channels of distribution in the U.S. market and are currently supplying polyphosphate products other than SHMP to major U.S. distributors of SHMP, including ***, the largest U.S. importer of SHMP during the original investigation.[56] We additionally observe that Mexico has maintained antidumping duties on imports of SHMP from China since 2004.[57] In light of these considerations, we find that the subject producers are likely, absent the restraining effects of the order, to direct significant volumes of SHMP to the U.S. market, as they did during the original investigation.

Given the significant and growing presence of subject imports in the U.S. market during the original investigation, the Chinese SHMP industry's substantial unused capacity and export orientation, the attractiveness of the large U.S. market to SHMP exporters, and the Chinese industry's continuing relationships with major U.S. importers and distributors of SHMP, we find that the likely volume of subject imports, both in absolute terms and relative to production and consumption in the United States, would be significant if the order were revoked.

2. Likely Price Effects

Original Investigation. In the original investigation, the Commission found consistent and significant price underselling of the domestic like product by subject imports. Subject imports undersold the domestic like product in 57 of 60 quarterly comparisons, by margins of underselling ranging from 5.2 percent to 51.3 percent.[58]

While the Commission found evidence of overall price increases over the period of investigation, both for domestically produced products and for the subject imports, it also found that subject imports prevented domestic price increases that otherwise would have occurred to a significant degree. The Commission found that as the domestic industry's costs increased and significant volumes of lower priced subject imports entered the market, the domestic producers ***, even though apparent U.S. consumption increased over the period of investigation. The Commission found that U.S. producers' prices were suppressed because of persistent underselling by subject imports, which subjected domestic producers to a cost-price squeeze. The Commission found that evidence of some confirmed lost sales and revenues

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(…Continued)
market to producing SHMP. Domestic Producers state that these other products use the same raw materials as SHMP and that the only difference in production methods is that a high-temperature furnace is required for SHMP that is not required for the other products. Domestic Producers' Comments at 13. We have not, however, relied on product shifting as a basis for our finding of significant likely import volume.

[55] CR/PR at Table I-12.

[56] CR at I-16 n.25, I-18 – I-19, I-27; PR at I-11 n.25, I-12 – I-13, I-17; Domestic Producers' Response to Notice of Institution at 19-20; Domestic Producers' Comments at 13-14.

[57] CR at I-46; PR at I-31.

[58] *Original Determination,* USITC Pub. 3984 at 19-20.

supported the finding of price suppression. Thus, the Commission found that subject imports had significant adverse effects on domestic prices.[59]

Current Review. In this expedited five-year review, there is no new product-specific pricing information on the record. The information available in this review indicates that since the imposition of the antidumping duty order in 2008, prices in the U.S. market for SHMP have increased as the volume of subject imports has declined significantly.[60] Based on the information available, including the determination in the original investigation, we find that price continues to be an important factor in purchasing decisions and that if the antidumping duty order were revoked, subject imports from China would likely compete in the U.S. market on the basis of price by underselling the domestic like product, as they did during the original investigation. This in turn would likely cause the domestic producers to cut prices or restrain price increases, as occurred during the original investigation, to avoid losing sales.

Accordingly, given the likely significant volume of subject imports, we conclude that subject imports from China would likely engage in significant underselling of the domestic like product to gain market share and would likely have significant depressing or suppressing effects on the price of the domestic like product if the antidumping duty order were revoked.

3. Likely Impact

Original Investigation. In the original investigation, the Commission found that the domestic industry's production, capacity utilization, shipments, and net sales quantity and value all declined overall from 2004 to 2006, but showed some improvements when interim period 2007 was compared with interim period 2006. Most employment-related indicators -- average number of production-related workers, hours worked, and wages paid for producing SHMP -- declined overall. The Commission found that the domestic industry's financial indicators steadily declined from 2004 to 2006.[61] The Commission concluded that subject imports had an adverse impact on the condition of the domestic industry during the period of investigation and that the pattern of consistent underselling, which suppressed domestic prices, had caused declines in the domestic industry's financial performance over the period of investigation.[62]

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[59] *Original Determination,* USITC Pub. 3984 at 20-23.

[60] CR at I-20 -- I-21; PR at I-13 – I-14. There are no known sources of national or regional pricing data for SHMP, and comparisons of average unit values may be affected by product mix issues, because different grades and chain lengths of SHMP may sell for different prices. CR at I-19 – I-20; PR at I-13.

[61] The Commission found that the domestic industry's financial indicators improved to *** in interim period 2007 as compared to interim period 2006. The Commission found that, despite the improvements in the 2007 interim period, the industry was still ***. In addition, the Commission noted that the *** increase in U.S. inventories of subject imports and continued underselling indicated that any such improvements could be short-lived. *Original Determination,* USITC Pub. 3984 at 29-30.

[62] *Original Determination,* USITC Pub. 3984 at 24-30. After completing its analysis of the price, volume and impact of subject imports, the Commission addressed the replacement/benefit test under (Continued…)

Current Review. The information available concerning the domestic industry's condition in this review consists of the 2012 data that ICL and Innophos provided in response to the notice of institution. Because this is an expedited review, we have only limited information with respect to the domestic industry's financial performance. The limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.[63]

The information available to us indicates that the condition of the domestic industry has significantly improved since the order was imposed in 2008. Production capacity increased from *** metric tons in 2006, the last full year for which data were collected in the original investigation, to *** metric tons in 2012. Capacity utilization increased *** from *** percent in 2006 to *** percent in 2012. Domestic production increased from *** metric tons in 2006 to *** metric tons in 2012. U.S. commercial shipments increased from *** metric tons in 2006 to *** metric tons in 2012. Net sales increased from *** in 2006 to *** in 2012. Operating income improved from a loss of *** in 2006 to a profit of *** in 2012.[64] These improvements in the domestic industry's condition have come despite an increase in cost of goods sold from *** in 2006 to *** in 2012, as well as the decline in apparent consumption previously noted.[65]

Based on the record of this review, we find that, should the order be revoked, the likely significant volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share and revenues of the domestic industry. These declines would likely have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject imports. Nonsubject imports have been present in the U.S. market since the antidumping duty order was imposed in 2008, but the condition of the domestic industry has improved during this period even though demand has declined. Any increase in subject imports upon revocation will likely be at least in substantial part at the expense of the domestic industry, which is now the *** supplier to the U.S. market.

(…Continued)
the Federal Circuit's decision in *Bratsk Aluminum Shelter v. United States*, 444 F.3d at 1269 (Fed. Cir. 2006) that it then applied in its analysis of whether the domestic industry was materially injured by reason of the subject imports. The Commission found that nonsubject imports would have replaced subject imports to a limited extent, but concluded that the domestic industry still would have benefited from the elimination of subject imports from the market over the period of investigation. Accordingly, the Commission stated that its affirmative material injury determination was consistent with *Bratsk*. *Original Determination,* USITC Pub. 3984 at 30-39.

[63] Commissioner Pinkert finds that the domestic industry is not vulnerable. In 2012, its production, capacity and capacity utilization were *** than in 2006 (the last year of the original investigation), it had an operating income margin of *** percent, and its COGS/sales ratio was *** than in 2006 (***). CR/PR at Table I-4.

[64] CR/PR at Table I-4.

[65] CR/PR at Tables I-4 & I-7.

Accordingly, we conclude that, if the antidumping duty order were revoked, subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

IV. Conclusion

For the above reasons, we determine that revocation of the antidumping duty order on SHMP 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.

INFORMATION OBTAINED IN THE REVIEW

INTRODUCTION

Background

On February 1, 2013, 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 a review to determine whether revocation of the antidumping duty order on sodium hexametaphosphate ("SHMP") from China would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On May 7, 2013, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.[4]

The following tabulation presents information relating to the background and schedule of this proceeding:

[1] 19 U.S.C. 1675(c).

[2] *Sodium Hexametaphosphate From China: Institution of a Five-Year Review Concerning the Antidumping Duty Order on Sodium Hexametaphosphate From China*, 78 FR 7452, February 1, 2013. 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 a five-year review of the subject antidumping duty order concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Review*, 78 FR 7400, February 1, 2013.

[4] *Sodium Hexametaphosphate From China; Scheduling of Expedited Five-Year Review*, 78 FR 31576, May 24, 2013. The Commission received one submission in response to its notice of institution in the subject review. A joint response was filed on behalf of ICL Performance Products LP ("ICL") and Innophos, Inc. ("Innophos"), the only known domestic producers of SHMP during 2012. The Commission did not receive any responses from producers in China or importers of the subject merchandise from China. The Commission determined that the domestic interested party group response to its notice of institution was adequate and that the respondent interested party group response was inadequate. In the absence of respondent interested party responses and any other circumstances that would warrant the conduct of a full review, the Commission determined to conduct an expedited review.

Effective date	Action
March 19, 2008	Commerce's antidumping duty order on SHMP from China (73 FR 14772) http://www.gpo.gov/fdsys/pkg/FR-2008-03-19/pdf/E8-5657.pdf
February 1, 2013	Commission's institution of first five-year review (78 FR 7452) http://www.gpo.gov/fdsys/pkg/FR-2013-02-01/pdf/2013-02161.pdf
February 1, 2013	Commerce's initiation of first five-year review (78 FR 7400) http://www.gpo.gov/fdsys/pkg/FR-2013-02-01/pdf/2013-02226.pdf
May 7, 2013	Commission's determination to conduct an expedited five-year review (78 FR 31576, May 24, 2013) http://www.gpo.gov/fdsys/pkg/FR-2013-05-24/pdf/2013-12342.pdf. (The press release announcing the Commission's determination concerning adequacy and the conduct of an expedited review can be found at http://www.usitc.gov/press_room/news_release/2013/er0507ll1.htm. A summary of the Commission's votes concerning adequacy and the conduct of an expedited review can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11556. The Commission's explanation of its determination can be found at http://pubapps2.usitc.gov/sunset/caseProfSuppAttmnt/download/11557.)
June 11, 2013	Commerce's final result of expedited five-year review of the antidumping duty order http://www.gpo.gov/fdsys/pkg/FR-2013-06-11/pdf/2013-13877.pdf
June 18, 2013	Commission's vote
June 28, 2013	Commission's determination

The original investigation

The original investigation resulted from a petition filed by ICL (St. Louis, Missouri) and Innophos (Cranbury, New Jersey) on February 8, 2007, alleging that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of SHMP from China. On February 4, 2008, Commerce published its final determination that imports of SHMP from China were being sold at LTFV. Commerce calculated final LTFV margins of 92.02 percent for both Jiangyin Chengxing International Trading Co., Ltd. ("Chengxing") and Sichuan Mianzhu Norwest Phosphate Chemical Co., Ltd. ("Norwest"). It further calculated a PRC-wide LTFV margin of 188.05 percent for all other firms in China, including, but not limited to, Yibin Tianyuan Group Co., Ltd. ("Tianyuan"); Mianyang Aostar Phosphorus Chemical Industry Co., Ltd. ("Mianyang Aostar"); and Hubei Xingfa Chemicals Group Co., Ltd. ("Hubei Xingfa").[5] The Commission subsequently determined that an industry in the United Sates was materially injured by reason of LTFV imports of SHMP from China.[6] Commerce published an antidumping duty order on SHMP from China on March 19, 2008.[7]

[5] *Final Determination of Sales at Less Than Fair Value: Sodium Hexametaphosphate From the People's Republic of China*, 73 FR 6479, February 4, 2008.

[6] *Sodium Hexametaphosphate from China*, Inv. No. 731-TA-1110 (Final), USITC Publication 3984 (March 2008), p. 1.

[7] *Notice of Antidumping Duty Order: Sodium Hexametaphosphate From the People's Republic of China*, 73 FR 14772, March 19, 2008.

Commerce's final result of expedited first five-year review

The final results of Commerce's expedited review with respect to SHMP from China were published on June 11, 2013. The dumping margins calculated by Commerce in this first five-year review are as follows: 92.02 percent for both Chengxing and Norwest and 188.05 percent for all other firms in China.[8]

Commerce's administrative reviews

Commerce has completed three administrative reviews of the outstanding antidumping duty order on SHMP from China. The results of the administrative reviews are shown in table I-1.[9] Commerce has not issued any duty absorption findings and has not conducted any separate new shipper reviews, changed circumstances reviews, or scope inquiry reviews with respect to SHMP from China.

Table I-1
SHMP: Administrative reviews of the antidumping duty order

Date results published	Period of review	Producer or exporter	Weighted-average margin (percent)
October 20, 2010 (75 FR 64695)	09/14/07 – 02/28/09	Hubei Xingfa	82.62
September 27, 2012 (77 FR 59375)	03/01/10 – 02/28/11	Hubei Xingfa	91.23
March 28, 2013 (78 FR 18956)	03/01/11 – 02/29/12	Hubei Xingfa and Norwest	([1])
		PRC-wide entity[2]	188.05

[1] Hubei Xingfa and Norwest had no reviewable transactions of subject merchandise during the period of review. Therefore, they retained their separate rate from the previous administrative review.

[2] The PRC-wide entity includes Aditya Birla Chemicals (Thailand) Ltd.; Anhui Technology Import & Export Co., Ltd.; Anshan Career Economic Trade Co., Ltd.; Blue Science Ltd.; Boon Stream Chemical International Trade; Chengdu Boon Stream Chemical Industry Co., Ltd.; Dezhou Hualude Hardware Products Co., Ltd.; Gatehouse International Freight Ltd.; Henan Sinchems Import and Export Co., Ltd.; Hubei Xingfa Chemical Export Import Co., Ltd.; Rushan Wooyoung Trading Co., Ltd.; Unison Chemical Industrial Co., Ltd.; and Zhejiang Chun-An Foreign Trade Co.

Source: Cited *Federal Register* notices.

[8] *Sodium Hexametaphosphate From the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 34989, June 11, 2013. Commerce noted that it found the same dumping margins in this first five-year review as in the original investigation because those rates best reflected the behavior of exporters without the discipline of an order in place. *Issues and Decision Memorandum for the Expedited First Sunset Review of the Antidumping Duty Order on Sodium Hexametaphosphate from the People's Republic of China*, June 3, 2013, p. 6.

[9] 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.

Related investigations

Apart from the original investigation, the Commission has not previously conducted an import injury investigation concerning SHMP. However, the Commission has previously conducted investigations concerning phosphoric acid from which SHMP is manufactured. An antidumping duty order and a countervailing duty order with respect to industrial phosphoric acid from Israel and an antidumping duty order with respect to industrial phosphoric acid from Belgium were issued in August 1987. The orders were revoked effective January 1, 2000.

THE PRODUCT

Commerce's scope

In its original antidumping duty order, Commerce defined the subject merchandise as follows:

> The merchandise subject to this investigation is sodium hexametaphosphate ("SHMP"). SHMP is a water-soluble polyphosphate glass that consists of a distribution of polyphosphate chain lengths. It is a collection of sodium polyphosphate polymers built on repeating $NaPO_3$ units. SHMP has a P_2O_5 content from 60 to 71 percent. Alternate names for SHMP include the following: Calgon; Calgon S; Glassy Sodium Phosphate; Sodium Polyphosphate, Glassy; Metaphosphoric Acid; Sodium Salt; Sodium Acid Metaphosphate; Graham's Salt; Sodium Hex; Polyphosphoric Acid, Sodium Salt; Glass H; Hexaphos; Sodaphos; Vitrafos; and BAC-N-FOS. SHMP is typically sold as a white powder or granule (crushed) and may also be sold in the form of sheets (glass) or as a liquid solution. It is imported under heading 2835.39.5000, HTSUS. It may also be imported as a blend or mixture under heading 3824.90.3900, HTSUS. The American Chemical Society, Chemical Abstract Service ("CAS") has assigned the name "Polyphosphoric Acid, Sodium Salt" to SHMP. The CAS registry number is 68915-31-1. However, SHMP is commonly identified by CAS No. 10124-56-8 in the market. For purposes of the investigation, the narrative description is dispositive, not the tariff heading, CAS registry number or CAS name. The product covered by this investigation includes SHMP in all grades, whether food grade or technical grade. The product covered by this investigation includes SHMP without regard to chain length i.e., whether regular or long chain. The product covered by this investigation includes SHMP without regard to physical form, whether glass, sheet, crushed, granule, powder, fines, or other form, and whether or not in solution. However, the product covered by this investigation

does not include SHMP when imported in a blend with other materials in which the SHMP accounts for less than 50 percent by volume of the finished product.[10]

U.S. tariff treatment

SHMP is classified in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 2835.39.50 and is dutiable at a column 1-general rate of 3.7 percent ad valorem, which applies to imports from China. The subject merchandise may also be imported as a blend or mixture under HTS subheading 3824.90.39. The column I-general duty rate for merchandise imported from China under HTS subheading 3824.90.39 is "free."[11]

Domestic like product and domestic industry

In its original determination, the Commission defined a single domestic like product consisting of SHMP, in all grades, chain lengths, and particle sizes, to be coextensive with Commerce's scope, and it defined a single domestic industry consisting of all domestic producers of SHMP.[12] In its notice of institution in this current first five-year review of the antidumping duty order on SHMP from China, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[13] In their joint response to the Commission's notice of institution, domestic producers ICL and Innophos indicated that they agree with the Commission's definitions of the domestic like product and domestic industry that were adopted in the original investigation, but that they reserve the right to comment on what they believe to be the appropriate definitions during the course of the proceeding.[14] No further comment on the domestic like product or domestic industry has been filed with the Commission in this proceeding.[15]

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[10] *Notice of Antidumping Duty Order: Sodium Hexametaphosphate From the People's Republic of China*, 73 FR 14772, March 19, 2008.

[11] HTS subheadings 2835.39.50 and 3824.90.39 are residual or "basket" categories that include not only subject SHMP but also include nonsubject merchandise. For example, goods imported under HTS subheading 2835.39.50 also include nonsubject polyphosphates, such as sodium acid pyrophosphate ("SAPP"), and goods imported under HTS subheading 3824.90.39 include other nonsubject mixtures of two or more inorganic compounds.

[12] *Sodium Hexametaphosphate From China*, Inv. No. 731-TA-1110 (Final), USITC Publication 3984 (March 2008), p. 6.

[13] *Sodium Hexametaphosphate From China: Institution of a Five-Year Review Concerning the Antidumping Duty Order on Sodium Hexametaphosphate From China*, 78 FR 7452, February 1, 2013.

[14] *Substantive Response of ICL and Innophos*, March 4, 2013, p. 24.

[15] In the original investigation, the domestic producers and the Chinese respondent, Hubei Xingfa, indicated that they agreed with the Commission's definition of a single domestic like product consisting of all forms of SHMP, coextensive with the scope of the investigation. *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. I-7.

Description and uses[16]

SHMP[17] is a translucent, solid material that is used as an input into the production of many industrial and consumer products, such as in water treatment, food and beverage production, and clay processing, among other applications. It is a glassy phosphate that may easily be dissolved in water, a characteristic which no other phosphate shares. The product has a unique chemical formula and its own CAS number (68915-31-1).[18] It is a non-combustible material with no significant environmental effects. It has low oral toxicity and may cause minor irritation to skin, eyes, and the respiratory tract. SHMP is typically packaged in 50- or 100-pound bags or in "supersacks" that can hold up to 2,400 pounds of product. The bags are often lined with plastic to reduce the amount of moisture absorbed by the SHMP. SHMP has a shelf life of about 18 months, regardless of chain length, because it loses effectiveness as it absorbs moisture from the air. Expired SHMP can be recycled to produce a fresh (technical grade) product. Each package of SHMP is accompanied by a certificate of analysis that lists the properties, such as P_2O_5 content, average chain length, particle size, and maximum levels of impurities.

The Commission's report in the original investigation stated that the primary use for SHMP is for water treatment (40.7 percent of consumption). Additional uses for SHMP are for other industrial applications, such as clay processing, copper ore processing, drilling muds, and paper production (22.5 percent), industrial and institutional cleaners (16.8 percent), meat/seafood/poultry production (15.3 percent), other consumer products, such as bath salts (3.5 percent), and dentifrices, such as toothpastes (1.2 percent).

In this current five-year review, the Commission sent purchasers' questionnaires to five firms identified by the domestic producers as leading purchasers of SHMP in the U.S. market (***)[19] asking about changes in the conditions of competition that had occurred or that would occur within a reasonably foreseeable time. Two firms submitted responses: ***. *** reported that there had been no changes in the end uses and applications of SHMP in the U.S. market or in the market for SHMP in China since 2008. *** reported that there has been an increase in the demand for SHMP in the personal health care, pet care, and foods markets in the United States since 2008. *** purchaser anticipated any changes in the end uses and applications of

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[16] Unless otherwise noted, the discussion in this section is from the final staff report and is supplemented with information on the record in this first five-year review. *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. I-5 – 21, II-2 – II-9, and III-13.

[17] Although commonly used in the industry, the name "sodium hexametaphosphate" is somewhat of a misnomer. The name should technically only refer to a six-phosphate polymer chain that forms a ring, but in common usage it refers to a mixture of linear polyphosphates of varying lengths. David R. Gard, "Phosphoric Acids and Phosphates," Kirk-Othmer Encyclopedia of Chemical Technology, John Wiley & Sons, Inc., 2005.

[18] Commerce's scope indicates that SHMP is also commonly identified by CAS No. 10124-56-8 in the market. *Notice of Antidumping Duty Order: Sodium Hexametaphosphate From the People's Republic of China*, 73 14772, March 19, 2008.

[19] *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 22-23.

SHMP in the U.S. market or in the market for SHMP in China within a reasonably foreseeable time.

SHMP can generally be differentiated by four characteristics: grade, chain length designation, P_2O_5 content, and particle size. Table I-2 presents information on the types and certain characteristics of SHMP used for various applications.

Table I-2
SHMP: Applications by product type

Market	Regular chain	Long chain
Food grade		
Meat/poultry/seafood	Moderate use	Some use
Beverage	Some use	Moderate use
Dairy	Primary chain length used	--
Dental	Some use	Moderate use
Technical grade		
Water treatment	Primary chain length used	--
Paper (clay dispersion)	Primary chain length used	Some use
Cleaning	Primary chain length used	--
Pet food	Primary chain length used	--

Source: Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report, INV-FF-014, February 11, 2008, table I-3.

Grades of SHMP

There are two general grade designations for SHMP: food grade and technical grade. U.S. customers typically require an Underwriters Laboratories Certificate (UL/NSF60) insuring water treatment quality for both grades of SHMP.

Food grade

Food grade SHMP must meet certain requirements that are not applicable to technical grade SHMP. For example, food grade SHMP must meet the requirements of the Food Chemicals Codex ("FCC"), which specifies the maximum amounts of possibly toxic contaminants in SHMP, such as arsenic, lead, fluoride, and insoluble material. The FCC also requires a relatively narrow pH range for food grade SHMP. U.S. customers may also specify that food grade SHMP be certified to kosher standards verified by the Orthodox Union. Furthermore, food grade SHMP is required to meet stricter standards for quality and purity than technical grade SHMP by requiring the adherence of production to the standards of Good Manufacturing Practices ("GMP") of the U.S. Food and Drug Administration, which are designed to reduce the risk of contaminants in food products.

Food grade SHMP is used in a variety of beverages, dairy and meat products, and dental applications (toothpaste, mouth rinses, and whiteners). In fruit juices, juice-based drinks, sport drinks, ready-to-drink teas, and carbonated beverages, SHMP helps to enhance flavors, extend shelf life, and improve clarity and carbonation. In dairy-based beverages, SHMP protects

proteins and disperses solids. Food grade SHMP is also used to provide protein stabilization and flavor enhancement in dairy-based foams and processed cheese. In the processing of meats, seafood, and poultry, SHMP is used with other sodium phosphates to retain moisture, enhance flavor, and increase shelf life. In dental care products, SHMP removes calcium from stains on teeth, which allows the protein and carbohydrate components of stains to be removed more easily.

The Commission's report in the original investigation stated that both domestic sources and U.S. importers from China shipped food grade SHMP in various chain lengths to U.S. customers. About *** of U.S. shipments of domestically produced SHMP and Chinese-produced SHMP consisted of food grade product at the end of the period examined during the Commission's original investigation.

Technical grade

Technical grade SHMP is used in water treatment, personal care products (e.g., Calgon®), pet food, and other industrial applications, such as clay (kaoling) processing, drilling fluids, and cleaning products. When added to a municipal or industrial water system, SHMP helps to reduce scale formation, corrosion, lead copper leaching, and biofilm formation in pipes and other equipment. SHMP added to potable water sequesters certain metal oxides, thereby eliminating objectionable colors from the water. It is used in canned pet foods for protein stabilization and moisture retention and in dry pet foods to reduce tartar buildup on pets' teeth. In clay processing and drilling fluids, SHMP sequesters metal ions in clay slurries and drilling fluids that would otherwise cause clay particles to stick together and form clumps. By eliminating these clumps, SHMP improves the flow properties of the clay slurries and drilling fluid and eases the handling of these fluids. SHMP is added to some industrial cleaners such as the ones used to clean the exteriors of transportation vehicles, particularly trucks and buses. In bath salts, SHMP helps to soften the water and adjust pH. The use of SHMP in bath salts is the source of one of its common names, Calgon®.

Similar to food grade SHMP, both domestic sources and U.S. importers from China shipped technical grade SHMP in various chain lengths to U.S. customers during the period examined in the original investigation. The Commission reported during the original investigation that technical grade (average chain length 9-16) comprised *** category for domestically produced SHMP while *** subject merchandise fell into the technical grade (average chain length 17-26) category during the period examined.

Chain length

SHMP consists of chains of repeating phosphate units, which have negative charges, and positively charged sodium ions. The chemical formula for SHMP can be written as $Na_{n+2}+P_nO_{3n+1}$, where different values of *n* represent phosphate chains of different lengths. For example, *n* = 10 is a polyphosphate consisting of 12 sodium (Na) atoms, 10 phosphorus (P) atoms, and 31 oxygen (O) atoms. Commercial SHMP comprises various lengths of polyphosphate chains with values of *n* ranging from 5 to 20 or higher. In the market, SHMP is often designated as either "regular chain" or "long chain." Regular chain SHMP consists of

approximately 10 links per molecule, whereas long chain consists of about 20 links per molecule. The Commission's report in the original investigation stated that Chinese-manufactured SHMP was typically in chain lengths of 17 to 26 links compared to available U.S. product of 9 to 16 chain length.

Different customers may specify different chain-length SHMP based on the end use and specific chemical formula required. Most customers specify one or the other, but some will purchase SHMP from either chain range.[20] Long chain SHMP is typically used in beverage, dental, and some meat and clay mining applications. Regular chain SHMP is typically used in more industrial applications, as well as some meat, beverage, and dental applications. Although both regular and long chain SHMP may be used in beverage applications, some beverage producers prefer to use long chain SHMP because it increases the shelf life of their product compared to regular chain SHMP.

P_2O_5 content

The P_2O_5 content for SHMP is closely related to the chain length designation.[21] Higher P_2O_5 content corresponds to a longer average polyphosphate chain length. Therefore, product designated as long chain SHMP will have a higher percentage of P_2O_5 content than regular chain SHMP. The P_2O_5 content of SHMP can vary from 60 percent to approximately 71 percent. P_2O_5 content is also related to the pH of SHMP, with lower P_2O_5 content corresponding to higher pH.

Particle sizes of SHMP

SHMP is produced in different particle sizes: glass, granular, and powder. Glass particle size SHMP typically has particles that are one-half of an inch in length and width and one-eighth of an inch in thickness. Granular SHMP typically has particles with diameters that are between 149 and 841 microns, whereas the particles of SHMP powder are mostly less than 149 microns in diameter.[22] SHMP can also be sold in the form of an aqueous solution. The Commission's report in the original investigation stated that particle size is an important purchasing factor in that purchasers tend to prefer granular SHMP, as opposed to powdered SHMP, because it flows better in their processes.

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[20] In the original investigation, purchasers were asked about the importance of chain length in their requirements for SHMP. For some purchasers, chain length did not matter. For others, chain length was of critical importance. Some purchasers noted that chain length can be a critical factor in purchasing decisions in that the substitution of alternative lengths requires the adjustment of formulas used to produce the end products.

[21] P_2O_5 content is usually specified as a percentage of the total weight of the sample that is attributable to groups of two phosphorus (P) atoms and five oxygen (O) atoms.

[22] At least 60 percent of powdered SHMP will pass through 100 mesh while no more than 20 percent of crushed product will pass through 80 mesh.

Excluded SHMP blends

SHMP imported in a blend with materials where SHMP accounts for less than 50 percent by volume of the finished product is excluded from the scope of the order. Blends of SHMP and other phosphates (commonly sodium tripolyphosphate, sodium acid pyrophosphate, and tetrasodium pyrophosphate) are used in meat, seafood, and poultry processing to improve the color, yield, texture, and flavor. The physical characteristics, performance, and uses of the blends are not the same as those for SHMP. The Commission's report in the original investigation stated that although SHMP blends were primarily produced by the end users of SHMP, both domestic producers offered phosphate blends where SHMP accounted for 10 to 20 percent of the volume of the blend. The blends that were mixed by the domestic producers were prepared on equipment other than that used to make SHMP. There was no indication that there were any U.S. imports of similar blends from China during the original investigation.

Production process[23]

The production of SHMP is an energy-intensive process that typically uses wet phosphoric acid and soda ash, or caustic soda, as raw materials.[24] The raw materials are mixed to form a slurry of monosodium orthophosphate, which is then fed into a furnace. Natural gas is used to heat the furnace to a temperature between 800 and 1,100 degrees Celsius. In the furnace, water is boiled off and the monosodium orthophosphate reacts to form molten SHMP, which is removed from the furnace and quickly solidifies into a glassy sheet as it cools. The sheet of solid SHMP is broken into large chunks, which are further milled to produce the granular and powdered products.

Production of SHMP in the United States is a highly automated process. The Commission's report in the original investigation stated that SHMP is manufactured in the United States ***. Both of the domestic producers also reported the manufacture of SHMP blends in the original investigation, although they reported that the actual blending does not occur on the equipment that is used in the manufacture of SHMP.

Both technical grade SHMP and food grade SHMP can be produced on the same equipment, although food grade SHMP costs a little more to make than technical grade SHMP because of increased costs associated with extra lab analysis, storage of samples, and other administrative costs. The Commission's report in the original investigation stated that food grade SHMP costs $*** per metric ton more to manufacture than technical grade SHMP. Innophos *** and ICL ***.

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[23] Unless otherwise noted, the discussion in this section is from the final staff report and is supplemented with information on the record in this first five-year review. *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. I-14 – I-15, I-19, II-2, III-14, V-1, and VI-8, and table I-1.

[24] The Commission's report in the original investigation stated that raw material costs accounted for approximately *** percent of the cost of goods sold for domestic producers in 2006.

Both regular chain and long chain SHMP was produced on the same equipment in the United States during the original investigation. Domestic producers and producers in China also reported that the basic process for producing different chain lengths was the same. To produce the long chain product, the ratio of soda ash to phosphoric acid that is fed to the furnace is adjusted and the length of time that molten SHMP remains in the furnace is increased by about five percent. Given the longer time that the long chain SHMP must remain in the furnace, the energy cost per unit of production is higher for the long chain product and, therefore, it sells for a higher price. The Commission's report in the original investigation stated that the domestic producers' cost to produce long chain SHMP cost $*** per metric ton more than regular chain SHMP.

The purchasers that responded to the Commission's survey in this current five-year review reported that there have not been any changes in technology, production methods, or development efforts to produce SHMP that have affected the availability of SHMP in the U.S. market or in the market for SHMP in China since 2008. Further, they responded that they did not anticipate any such changes within a reasonably foreseeable time. *** reported that the only production change that has occurred that has affected the availability of SHMP in the market since 2008 is that industrial phosphate producers worldwide have shifted their focus to sodium and calcium specialty phosphates, as large customers like *** began to eliminate sodium tripolyphosphate ("STPP") from consumer dish detergents based on changes in environmental law.[25]

Interchangeability and customer and producer perceptions[26]

The Commission's report in the original investigation stated that end users generally do not substitute SHMP for other phosphates or replace other phosphates with SHMP. Producers and importers were asked what other products may be substitutes for SHMP. *** replied that there were no substitutes for SHMP that provided the same chelation, solubility, and dispersion, and most importers replied that no substitutes existed. Six purchasers reported the existence of several possible (at least partial) substitutes, including sodium acid pyrophosphate and calcium chloride (for pH adjustment and water binding). U.S. producers, importers, and

[25] The domestic producers indicated in their response to the Commission's notice of institution in this current five-year review that China currently supplies STPP and SAPP to a variety of U.S. consignees (e.g., Brenntag, Univar, Wego) and other chemical distributors. They noted that production of STPP and SAPP involves the same raw materials as the production of SHMP and differs in the manufacturing process only in the use of a high-temperature furnace for SHMP that is not required for STPP or SAPP production. The domestic producers argued that Chinese producers continue to supply U.S. imports of other sodium phosphates and that the importers of these products would provide immediate access to the U.S. market for Chinese SHMP. *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 19-20.

[26] Unless otherwise noted, the discussion in this section is from the final staff report and is supplemented with information on the record in this first five-year review. *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. II-3, II-10 – II-11 and II-14, and table I-1.

purchasers reported in the Commission's original investigation somewhat comparable views regarding the issue of interchangeability of SHMP from various sources. The large majority of each group noted that SHMP from the United States, China, and other countries was always or frequently interchangeable.

The purchasers that responded to the Commission's survey in this current five-year review reported that there have been no changes in the existence and availability of substitute products for SHMP in the U.S. market or in the market for SHMP in China since 2008, nor do they anticipate any such changes within a reasonably foreseeable time. The domestic interested parties noted in their response to the Commission's notice of institution that now, as during the original period of investigation, "the U.S. product, the subject imports and the non-subject imports are frequently or always comparable." They also noted that SHMP is a commodity chemical that trades on the basis of a Certificate of Analysis and that few substitutes for SHMP have emerged since the original investigation, with SHMP customers continuing to specify SHMP for their end uses. However, the domestic interested parties further reported that a small volume of imports of mixtures or blends that include less than 50 percent SHMP (by volume), which are explicitly outside the scope of the order, are typically used in clay field applications, where end users are able to use a blended sodium phosphate product.[27]

Channels of distribution

In the original investigation, SHMP was sold by domestic producers ICL and Innophos to end users as well as to distributors, whereas most importers were reported to be distributors of the imported items. Between *** and *** percent of imports of SHMP from China were sold to end users during the period examined in the original investigation, compared with between *** and *** percent of domestically produced SHMP.[28]

The domestic producers noted in their response to the Commission's notice of institution in this first five-year review of the order that with respect to the supply of SHMP, the most important factor affecting the U.S. market has been the near withdrawal of Chinese SHMP as a result of the antidumping duty order. They argued, however, despite the near absence of Chinese SHMP in the U.S. market, Chinese producers have maintained strong ties to U.S. customers and currently have well-established channels of distribution. In fact, they reported that Chinese SHMP producers (most prominently Hubei Xingfa) are currently supplying other phosphate salts to U.S. end users and distributors of SHMP.[29]

[27] *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 10-11 and 21.

[28] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. I-22 and II-1.

[29] *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 16 and 23-24.

Pricing and related information[30]

In the original investigation, the Commission's report stated that ***. At that time, producer Innophos sold *** percent of its SHMP via short-term contracts, *** percent via long-term contracts, and the remainder on the spot market. ICL sold *** percent of its SHMP via short-term contracts, *** percent via long-term contracts, and *** percent on the spot market. The average duration of its long-term contracts was *** years, and the average duration of short-term contracts for ***. On a simple average basis, 49.2 percent of imported SHMP was sold via long-term contracts, 15.9 percent via short-term contracts, and 34.9 percent on the spot market. Typical long-term contracts made by importers were one year in length, although one importer had contracts of up to three years in length.

During the period examined in the original investigation, long chain SHMP typically sold for a somewhat higher price than regular chain SHMP due to higher costs of production. Likewise, it noted that food grade SHMP may have sold for a somewhat higher price than technical grade SHMP because of increased production costs associated with extra lab analysis, storage of samples, and other administrative costs. Prices for sales made to distributors were typically *** than prices to end users, based on ***. In general, SHMP prices in the United States trended upward during the period examined in the original investigation. Imported SHMP from China undersold the domestic products in 57 of 60 quarterly price comparisons during January 2004-September 2007.

The domestic producers indicated in their response to the Commission's notice of institution in this first five-year review of the order that they are not aware of any national or regional source of pricing data for SHMP. However, they noted that Commerce's official import statistics and the *Global Trade Atlas* provide average unit values for shipments of different grades and potentially even different polyphosphates, and argued that the average unit values may be useful in analyzing trends in the volume and price of SHMP in the U.S. and other markets.[31] The unit values of the domestic producers' U.S. shipments are presented in the section of this report entitled "U.S. producers' trade and financial data" (table I-4). U.S. import data are presented in the section of this report entitled "U.S. Imports" (tables I-5 and I-6) and certain *Global Trade Atlas* data are presented in the section of this report entitled "The Industry in China" (table I-10).

As the average unit value data show, U.S. producers commercially shipped SHMP to the U.S. market at an average unit value of $*** per metric ton during 2006 as compared with $*** per metric ton during 2012.[32] SHMP produced in China was imported into the United States at

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[30] Unless otherwise noted, the discussion in this section is from the final staff report and is supplemented with information on the record in this first five-year review. *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. II-3 and V-2 – V-4.

[31] *Substantive Response of ICL and Innophos*, March 4, 2013, p. 23.

[32] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, table III-3; and *Substantive Response of ICL and Innophos*, March 4, 2013, exh. 8.

an average unit value of $*** per metric ton in 2006 compared with official U.S. import statistics of $1,584 per metric ton in 2012.[33] According to *Global Trade Atlas* data, the average unit value of exports of SHMP from China to the United States in 2012 was $1,306 per metric ton.[34] Official U.S. import statistics report that the average unit values of U.S. imports of polyphosphates from China are generally lower than U.S. imports of polyphosphates from other sources, except for Canada.[35] The *Global Trade Atlas* data show that the average unit values reported for China's exports of SHMP to the United States were consistently higher in each annual period than the average unit values reported for China's exports to all other countries combined.[36]

THE INDUSTRY IN THE UNITED STATES

U.S. producers

During the original investigation, ICL (St. Louis, Missouri) and Innophos (Chicago, Illinois) supplied the Commission with information on their U.S. operations with respect to SHMP. ICL and Innophos were identified as the only U.S. manufacturers of SHMP for commercial sale during the period examined in the original investigation, although a third firm, Nalco, was reported by the Commission to have produced small volumes of SHMP for primarily internal consumption in Ellwood City, Pennsylvania.[37] In their joint response to the Commission's notice of institution in this first five-year review of the antidumping duty order, ICL and Innophos indicated that they are currently the only known U.S. producers of SHMP and that they are not aware of any production or commercial sales of SHMP by Nalco since the publication of the antidumping duty order.[38]

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[33] As previously indicated, the HTS number under which SHMP is imported into the United States as reported in the official import statistics is a basket category that includes not only subject SHMP, but also nonsubject merchandise.

[34] Note that *Global Trade Atlas* export value data do not include applicable import duties. According to data published by *GTIS* (*Global Trade Atlas),* SHMP was classified by China in a basket category with other polyphosphates until 2009 (2835.39.00). In 2009, two new subheadings were created specifically for SHMP, food grade (2835.39.19) and other SHMP (2835.39.11).

[35] The domestic producers noted in their response that U.S. imports reported from Canada are not SHMP. *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 11-13.

[36] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, table IV-2; official Commerce import statistics; and *GTIS, Global Trade Atlas*.

[37] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. I-3 and III-1.

[38] *Substantive Response of ICL and Innophos*, March 4, 2013, p. 22. Nalco, which purchased the assets of Calgon in 1999 (including the SHMP plant in Ellwood City), produced *** of SHMP annually at the Ellwood City facility ***. The Commission's report during the original investigation stated that Nalco ***. *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. III-2.

Presented in table I-3 is a list of domestic producers of SHMP, production locations, and shares of domestic production of SHMP in 2006 and 2012.

Table I-3
SHMP: U.S. producers, U.S. production locations, and shares of reported U.S. production in 2006 and 2012

Firm	Plant location	Share of U.S. production (*percent*)	
		2006	2012
ICL[1]	Lawrence, Kansas[2]	***	***
Innophos	Chicago, Illinois[3]	***	***
Nalco	Ellwood City, Pennsylvania	([4])	--
Total		100.0	100.0

[1] ICL is ***-percent owned by Israel Chemicals Ltd., Tel Aviv, Israel. ICL is related to BK Giulini ("BKG), a German manufacturer of SHMP.
[2] ICL also operates a technical center in Webster Groves, Mississippi, for research and development of food and technical grade phosphate salts and acids. Company headquarters are in St. Louis, Missouri.
[3] Company headquarters are in Cranbury, New Jersey.
[4] ***. ICL and Innophos reported that Nalco has not produced or sold SHMP in the United States since the imposition of the antidumping duty order.

Source: *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, table III-1; and *Substantive Response of ICL and Innophos*, March 4, 2013, exh. 8.

ICL Performance Products LP

ICL Performance Products LP ("ICL"), headquartered in St. Louis, Missouri, is a wholly owned subsidiary of Israel Chemicals Ltd. ("ICL Israel"), based in Tel Aviv, Israel. ICL Israel develops, manufactures, and markets fertilizers, industrial products, metallurgy, and performance products,[39] and its U.S. subsidiary contributes to the corporate market position in phosphates, phosphorus chemicals, phosphate salts, and phosphoric acid for a variety of food and technical applications. ICL provides customized products and solutions for the food, cleaning products, fire safety, coatings, electronics, paper, water treatment, construction, pharmaceutical, and footwear industries.[40] ICL maintains a SHMP manufacturing facility in the United States in Lawrence, Kansas.[41] In 2012, ICL accounted for *** percent of production of SHMP in the United States.[42]

ICL also has a sister company in Germany (BK Giulini GmbH) that is engaged in the production of SHMP. During the period examined in the original investigation, ***. In its

[39] The Commission's report in the original investigation stated that ICL Israel does not produce SHMP in Israel. *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. III-2.
[40] ICL webpage, http://www.icl-pp.com/en-us/Company/Pages/Global-Presence.aspx.
[41] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, table III-1.
[42] *Substantive Response of ICL and Innophos*, March 4, 2013, exh. 8.

response to the Commission's notice of institution in this first five-year review, ICL indicated that it is not related to any party defined in Section 771(4)(B) of the Act (19 U.S.C. § 1677(4)(B)).[43]

Innophos, Inc.

Innophos, a major producer of industrial grade phosphoric acid and phosphates, is the successor to the specialty phosphates division of Rhodia, Inc. The company was established as an independent corporation in 2004 when it was acquired by Bain Capital (headquartered in Cranbury, New Jersey). Bain Capital completed the initial and secondary public offerings of the company and distributions of common stock in 2006 and 2008. In 2009, Bain Capital distributed all remaining company shares to its investors and exited ownership.[44]

Innophos, a publicly held company with SHMP manufacturing facilities in Chicago, Illinois, is a leading producer of specialty grade phosphate products for the food, pharmaceutical, and industrial market segments. Within those market segments, Innophos' products are used in a broad range of applications, including water, paper and metal treatment, agriculture, electronics, textiles, tablets, meat preservation, and detergents. In fiscal year 2012, Innophos generated overall global corporate annual revenues of $862 million and employed approximately 1,300 people worldwide.[45] Innophos is ***, accounting for *** percent of 2012 production of SHMP in the United States. The producer reported $*** in net sales of domestically produced SHMP in fiscal year 2012.[46]

The Commission reported in the original investigation that ***. In its response to the Commission's notice of institution in this first five-year review, Innophos indicated that it is not related to any party defined in Section 771(4)(B) of the Act (19 U.S.C. § 1677(4)(B)).[47]

U.S. producers' trade and financial data

The Commission requested domestic interested parties to provide certain data in their response to the notice of institution in this first five-year review of the antidumping duty order. Data reported by U.S producers of SHMP in the Commission's original investigation and in response to this current first five-year review institution notice are presented in table I-4. The data presented were provided by domestic producers ICL and Innophos, which accounted for essentially all domestic production of SHMP.

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[43] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. III-5; and *Supplemental Response of ICL and Innophos*, March 8, 2013, p. 2.

[44] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. III-2; and Innophos webpage, http://www.innophos.com/en/about-innophos.

[45] Innophos webpage, http://www.innophos.com/en/about-innophos.

[46] *Substantive Response of ICL and Innophos*, March 4, 2013, exh. 8.

[47] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. III-5; and *Supplemental Response of ICL and Innophos*, March 8, 2013, p. 2.

Table I-4
SHMP: U.S. producers' trade and financial data, 2004-2006, and 2012

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The domestic interested parties providing a response to the notice of institution in this review indicated that the antidumping order has had a positive impact on both U.S. producers, with the average industry revenue for U.S. commercial shipments at $*** per metric ton.[48] As shown in table I-4, the domestic producers' combined data indicate that the domestic industry was operating at approximately ***. Although ***.

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers

Completed importer questionnaires were submitted during the original investigation by 12 firms that accounted for the majority of U.S. imports of SHMP from China at that time. *** importing firms imported SHMP manufactured in China by Hubei Xingfa, although ***. The four largest U.S. importers of SHMP from China, in 2006, in order of magnitude were: ***. The U.S. imports of SHMP by ***, accounted for almost *** of subject U.S. imports from China in 2006. ***.[49]

The domestic producers identified in their joint response to the Commission's notice of institution in this current five-year review the importers that they believe to be currently importing or have imported subject merchandise from China since 2006. In their response, they provided a listing of 27 U.S. importers of subject merchandise from China.[50]

U.S. imports

As previously indicated, HTS statistical reporting numbers 2835.39.5000 (polyphosphates, other than sodium triphosphate (or sodium tripolyphosphate) of potassium) and 3824.90.3900 (other mixtures or blends) are basket categories that include not only subject SHMP, but also include nonsubject merchandise. For example, items imported under HTS statistical reporting number 2835.39.5000 also include nonsubject polyphosphates, such as sodium acid pyrophosphate ("SAPP"), and items imported under HTS statistical reporting number 3824.90.3900 include other nonsubject blends or mixtures.

In the final phase of the original investigation, the Commission noted that the official import statistics covering SHMP involved a basket category and made appropriate adjustments

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[48] *Substantive Response of ICL and Innophos*, March 4, 2013, p. 16.

[49] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. I-18 – I-19 and IV-1 – IV-3.

[50] *Substantive Response of ICL and Innophos*, March 4, 2013, exh. 11.

to certain import data on the basis of evidence provided by the petitioners and in responses to importers' questionnaires.[51] Specifically, Commerce statistics were adjusted to exclude all U.S. imports from Canada, Iceland, Israel, and Taiwan because there was reportedly no production of SHMP in those countries. U.S. imports from Japan under HTS number 2835.39.5000 were found to be minimal and U.S. imports from Spain under the HTS number 2835.39.5000 were found to be of product other than SHMP (primarily ammonium polyphosphate). Commission staff further determined during the course of the original investigation that *** U.S. imports from Germany and the United Kingdom were of polyphosphate products not including SHMP. The Commission's report stated that nearly all items imported from China under HTS statistical reporting number 2835.39.5000 during the original investigation consisted of subject SHMP and that Mexico was the most significant source of SHMP from nonsubject countries at that time. Commission staff reported in the original investigation that U.S. imports from China increased 6.7 percent from 19,695 metric tons in 2004 to 21,017 metric tons in 2006. They were 41.1 percent higher during January-September 2007 (19,132 metric tons) than reported in January-September 2006 (13,557 metric tons). Subject imports from China accounted for between 78.1 percent and 85.4 percent of total U.S. imports from all countries during the period examined in the original investigation.[52]

Official U.S. import statistics for polyphosphates, other than sodium triphosphate (sodium tripolyphosphate), (HTS statistical reporting number 2835.39.5000) for annual periods 2007-12 are presented in table I-5.[53]

[51] Import data collected in the Commission's original investigation for calendar years 2004-06, January-September 2006, and January-September 2007 are reproduced from the original staff report and are provided for reference in appendix A. The reproduction has been unaltered and, therefore, retains the table number designated in the Commission's final staff report.

[52] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. IV-5 – IV-7 and IV-9 and table IV-2.

[53] The domestic producers noted in their response to the Commission's notice of institution that U.S. imports reported from Canada are not SHMP. In addition, they claimed that imports reported from China during 2008-12 are nonsubject polyphosphates. *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 11-13.

Table I-5

Polyphosphates (other than sodium triphosphate (sodium tripolyphosphate)): U.S. imports from all sources, 2007-12

Source	Calendar year					
	2007	2008	2009	2010	2011	2012
	Quantity (*metric tons*)					
China	19,754	4,512	4,921	3,338	5,728	6,759
Nonsubject countries:						
Canada	5,093	6,849	9,933	35,825	55,900	47,598
Thailand	607	2,969	3,542	5,216	5,909	5,155
Germany	2,970	3,929	2,778	3,666	5,436	3,342
Mexico	2,106	3,896	4,073	4,270	4,615	2,752
Israel	5,072	4,327	2,665	1,904	2,482	1,968
United Kingdom	15	0	272	935	1,828	1,914
France	1,483	399	586	481	736	1,003
Belgium	198	21	57	112	40	364
Spain	621	560	198	240	314	343
Argentina	0	0	0	0	139	138
All other sources	735	375	525	793	636	344
Subtotal nonsubject	18,900	23,325	24,629	53,441	78,036	64,922
Total	38,654	27,837	29,551	56,779	83,763	71,680
	Value (*1,000 dollars*)					
China	16,934	8,214	7,344	4,904	9,546	10,704
Nonsubject countries:						
Canada	5,210	8,109	12,161	20,630	41,839	33,474
Thailand	671	5,291	6,120	7,261	9,206	9,152
Germany	5,886	12,027	8,644	9,193	13,257	10,518
Mexico	2,242	7,768	7,533	7,286	7,924	4,475
Israel	4,397	5,705	4,597	2,536	3,640	3,011
United Kingdom	27	0	538	1,712	3,280	4,090
France	2,476	1,079	1,221	975	1,616	2,555
Belgium	329	21	85	211	95	1,246
Spain	2,198	2,402	893	1,141	1,430	1,543
Argentina	0	0	0	0	249	257
All other sources	1,301	710	1,233	1,817	1,439	1,024
Subtotal nonsubject	24,738	43,112	43,025	52,763	83,974	71,344
Total	41,672	51,326	50,369	57,667	93,520	82,048

Table continued on following page.

Table I-5--*Continued*

Polyphosphates (other than sodium triphosphate (sodium tripolyphosphate)): U.S. imports from all sources, 2007-12

Source	Calendar year					
	2007	2008	2009	2010	2011	2012
	Unit value (*dollars per metric ton*)[1]					
China	857	1,821	1,492	1,469	1,667	1,584
Nonsubject countries:						
Canada	1,023	1,184	1,224	576	748	703
Thailand	1,106	1,782	1,728	1,392	1,558	1,775
Germany	1,982	3,061	3,111	2,508	2,439	3,148
Mexico	1,064	1,994	1,849	1,706	1,717	1,626
Israel	867	1,318	1,725	1,332	1,466	1,529
United Kingdom	1,816	--	1,979	1,830	1,794	2,136
France	1,669	2,705	2,084	2,027	2,194	2,547
Belgium	1,659	1,043	1,494	1,877	2,378	3,424
Spain	3,542	4,293	4,505	4,754	4,553	4,500
Argentina	--	--	--	--	1,795	1,856
All other sources	1,771	1,893	2,349	2,293	2,262	2,977
Average nonsubject	1,309	1,848	1,747	987	1,076	1,099
Average all countries	1,078	1,844	1,705	1,016	1,116	1,145
	Share of quantity (*percent*)					
China	51.1	16.2	16.7	5.9	6.8	9.4
Nonsubject countries:						
Canada	13.2	24.6	33.6	63.1	66.7	66.4
Thailand	1.6	10.7	12.0	9.2	7.1	7.2
Germany	7.7	14.1	9.4	6.5	6.5	4.7
Mexico	5.4	14.0	13.8	7.5	5.5	3.8
Israel	13.1	15.5	9.0	3.4	3.0	2.7
United Kingdom	0.0	0.0	0.9	1.6	2.2	2.7
France	3.8	1.4	2.0	0.8	0.9	1.4
Belgium	0.5	0.1	0.2	0.2	0.0	0.5
Spain	1.6	2.0	0.7	0.4	0.4	0.5
Argentina	0.0	0.0	0.0	0.0	0.2	0.2
All other sources	1.9	1.3	1.8	1.4	0.8	0.5
Subtotal nonsubject	48.9	83.8	83.3	94.1	93.2	90.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Unit values are calculated from unrounded figures.

Note.--The domestic producers noted in their response that U.S. imports reported from Canada are not SHMP. In addition, they claimed that imports reported from China during 2008-12 are nonsubject polyphosphates.

Source: Official Commerce statistics (HTS statistical reporting number 2835.39.5000).

Since the antidumping order went into effect in March 2008, U.S. imports of SHMP from China have declined. The U.S. import data presented show that the quantity of U.S. imports of items entering the United States from China under HTS 2835.39.5000 fell by 77.2 percent from 19,754 metric tons in 2007 to 4,512 metric tons in 2008. From 2008 through 2012, U.S. imports from China trended upward but remained at levels well below those reported in the original investigation. Overall, U.S. imports from China fell by 65.8 percent from 19,754 metric tons in 2007 to 6,759 metric tons in 2012.

The domestic producers participating in this current five-year review stated in their response to the Commission's notice of institution that "there has been a significant decline-indeed, the virtual exit of Chinese producers from the U.S. market."[54] They highlighted the fact that during the most recent administrative review of the order, covering the period March 1, 2011 through February 29, 2012, Commerce found that Chinese SHMP producers Hubei Xingfa and Norwest had no reviewable transactions of subject merchandise. The domestic producers argued that "the significant decline in imports since imposition of the order, as well as confirmed "no shipments" in the most recent review period, suggest that subject imports cannot compete in the U.S. market without dumping."[55] In fact, they noted that it is probable that items entered into the United States from China under HTS 2835.39.5000 during 2008-12 are actually nonsubject polyphosphates.[56]

Although U.S. imports of SHMP are recorded by the official U.S. import statistics in a polyphosphates basket category, the *Global Trade Atlas* data for SHMP exported from China are specific to food grade SHMP (2835.39.11) and other SHMP (2835.39.19) from 2009 to the present. Prior to 2009, China reported SHMP to the *Global Trade Atlas* as part of a larger basket category similar to that reported by official Commerce U.S. import statistics (HTS 2835.39.5000). Mexico and Thailand are the only other countries that report external trade data to the *Global Trade Atlas* specific to SHMP. Other major SHMP-producing countries (Australia, France, Germany, United Kingdom, and the United States) report external trade data to the *Global Trade Atlas* at the six-digit level for polyphosphates.

Presented in table I-6 are U.S. imports of SHMP from country sources believed to have produced SHMP during annual periods 2009-12. Data presented for China, Mexico, and Thailand are derived from *Global Trade Atlas* export data specific to SHMP. The value data presented for China, Mexico, and Thailand may be somewhat understated for the purpose of a U.S. import data presentation because the *Global Trade Atlas* export value data do not include applicable U.S. import duties. Data presented for Australia, France, Germany, and the United Kingdom are from official U.S. import statistics for polyphosphates, other than sodium triphosphate (sodium tripolyphosphate), and therefore may be overstated.

[54] *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 11-15.
[55] *Ibid*.
[56] *Ibid.,* pp. 12-13.

Table I-6
SHMP: U.S. imports, by sources, 2009-12

Source	Calendar year			
	2009	**2010**	**2011**	**2012**
			Quantity (*metric tons*)	
China	231	181	440	160
Nonsubject countries:				
Thailand	2,268	5,465	5,760	5,007
Germany	2,778	3,666	5,436	3,342
United Kingdom	272	935	1,828	1,914
Mexico	4,050	3,950	3,887	1,770
France	586	481	736	1,003
Australia	241	268	20	17
Subtotal nonsubject	10,194	14,764	17,667	13,054
Total, all imports	10,426	14,945	18,108	13,214
			Value (1,000 dollars)	
China	303	190	551	209
Nonsubject countries:				
Thailand	3,153	7,037	8,304	8,083
Germany	8,644	9,193	13,257	10,518
United Kingdom	538	1,712	3,280	4,090
Mexico	7,340	6,664	6,915	3,416
France	1,221	975	1,616	2,555
Australia	683	753	43	38
Subtotal nonsubject	21,578	26,334	33,415	28,701
Total, all imports	21,881	26,524	33,966	28,910

Table continued on following page.

Table I-6--*Continued*

SHMP: U.S. imports, by sources, 2009-12

Source	Calendar year			
	2009	2010	2011	2012
	Unit value (*dollars per metric ton*)[1]			
China	1,312	1,054	1,251	1,306
Nonsubject countries:				
Thailand	1,390	1,288	1,442	1,614
Germany	3,111	2,508	2,439	3,148
United Kingdom	1,979	1,830	1,794	2,136
Mexico	1,812	1,687	1,779	1,929
France	2,084	2,027	2,194	2,547
Australia	2,832	2,814	2,152	2,217
Average nonsubject	2,117	1,784	1,891	2,199
Average all countries	2,099	1,775	1,876	2,188
	Share of quantity (*percent*)			
China	2.2	1.2	2.4	1.2
Nonsubject countries:				
Thailand	21.7	36.6	31.8	37.9
Germany	26.6	24.5	30.0	25.3
United Kingdom	2.6	6.3	10.1	14.5
Mexico	38.8	26.4	21.5	13.4
France	5.6	3.2	4.1	7.6
Australia	2.3	1.8	0.1	0.1
Total nonsubject	97.8	98.8	97.6	98.8
Total all countries	100.0	100.0	100.0	100.0

[1] Unit values are calculated from unrounded figures.

Note.—Although there is production capacity for SHMP in Slovenia, no U.S. imports were reported from Slovenia in the official U.S. import statistics.

Source: Official Commerce statistics (HTS statistical reporting number 2835.39.5000) for Germany, United Kingdom, France, and Australia. *Global Trade Atlas* export data for China, Thailand, and Mexico.

According to *Global Trade Atlas* data, exports of SHMP from China to the United States during 2009-12 fluctuated from a reported high of 440 metric tons in 2011 to a reported low of 160 metric tons in 2012.[57] Subject SHMP imports from China accounted for between 1.2 percent and 2.4 percent of total U.S. imports from all countries during 2009-12. Thailand was the largest source of U.S. imports during 2012, accounting for more than one-third of all U.S. imports during 2012, followed by Germany, the United Kingdom, and Mexico.

Ratio of imports to U.S. production

Imports of SHMP from China ranged from *** percent to *** percent of reported U.S. production during the period examined in the original investigation and such imports from nonsubject sources ranged from *** percent to *** percent of reported U.S. production.[58] Reported U.S. imports of polyphosphates entering the United States from China under HTS 2835.39.5000 from China were equivalent to *** percent of reported U.S. production during 2012. Reported exports of SHMP from China to the United States as reported by the *Global Trade Atlas* were equivalent to *** percent of reported U.S. production during 2012. The ratio of U.S. imports of polyphosphates from nonsubject sources (excluding Canada) to domestic production was *** percent in 2012 and the ratio of estimated U.S. imports of SHMP from nonsubject sources to domestic production was *** percent in 2012.

Apparent U.S. consumption and market shares

SHMP is an input into the production of many industrial and consumer products, such as in water treatment, food and beverage production, and clay processing, among other applications. The demand for SHMP is derived from the demand for its end-use products. The domestic producers indicated in their response to the Commission's notice of institution in this first five-year review that the demand in the market for SHMP has not changed significantly since the original investigation.[59]

Data concerning apparent U.S. consumption of SHMP during the period for which data were collected in the original investigation and in this proceeding are shown in table I-7.[60] U.S. market share data are shown in table I-8.

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[57] Detailed *Global Trade Atlas* data reported by China for SHMP during 2009-12 are presented in the section of this report entitled "The Industry in China" at table I-10.

[58] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, table IV-2.

[59] *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 9 and 24.

[60] In addition, data collected in the Commission's original investigation are reproduced from the original staff report and are provided for reference in appendix A. The reproduction has been unaltered and, therefore, retains the table number designated in the Commission's final staff report.

Table I-7
SHMP: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2004-06, January-September 2006, January-September 2007, and 2012

Item	Original investigation					First five-year review
	Calendar year			January-September		Calendar year
	2004	2005	2006	2006	2007	2012
Quantity (*metric tons*)						
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from—						
China	***	***	***	***	***	160
Germany	***	***	***	***	***	3,342
Mexico	***	***	***	***	***	1,770
All other	***	***	***	***	***	7,942[1]
Subtotal, (nonsubject countries)	***	***	***	***	***	13,054
Total, U.S. imports	***	***	***	***	***	13,214
Apparent U.S. consumption	***	***	***	***	***	***
Value (*1,000 dollars*)						
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from—						
China	***	***	***	***	***	209
Germany	***	***	***	***	***	10,518
Mexico	***	***	***	***	***	3,416
All other	***	***	***	***	***	14,767[1]
Subtotal, (nonsubject countries)	***	***	***	***	***	28,701
Total, U.S. imports	***	***	***	***	***	28,910
Apparent U.S. consumption	***	***	***	***	***	***

[1] The primary sources of U.S. imports from "All other" countries during 2012 include the following countries: Thailand, United Kingdom, France, and Australia.

Source: *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, table IV-4; *Substantive Response of ICL and Innophos*, March 4, 2013, exh. 8; Official Commerce statistics (HTS 2835.39.5000) for Germany, United Kingdom, France, and Australia. *Global Trade Atlas* export data for China, Thailand, and Mexico.

Table I-8
SHMP: Apparent U.S. consumption and market shares, by source, 2004-06, January-September 2006, January-September 2007, and 2012

* * * * * * *

During the original investigation, the Commission's staff report stated that apparent U.S. consumption of SHMP increased slightly from *** metric tons in 2004 to *** metric tons in 2006. Apparent U.S. consumption was higher during January-September 2007 than during January-September 2006. The U.S. producers' market share, in terms of quantity, declined from 2004 to 2006 but was higher in January-September 2007 than in January-September 2006. The market share of subject U.S. imports was *** from 2004 to 2005 but rose *** in 2006. Subject market share was lower in January-September 2007 compared with January-September 2006. The market share of U.S. imports of nonsubject SHMF (particularly from Mexico) rose *** from 2004 to 2005 but then declined in 2006. It was lower in January-September 2007 than in January-September 2006.

Apparent U.S. consumption of SHMP was lower in terms of quantity at *** metric tons in 2012 than reported in 2006. After the antidumping duty on U.S. imports of SHMP from China was imposed in March 2008, domestic producers gained a significantly larger share of the market. The U.S. producers' market share was *** percentage points higher in 2012 than in January-September 2007. The market share of subject U.S. imports was substantially lower in 2012 compared with the time period examined in the original investigation, and the market share of U.S. imports of nonsubject SHMP (particularly from Thailand, Germany, and Mexico) was higher.

THE INDUSTRY IN CHINA

Background

In the original investigation, the domestic producers contended that there were numerous companies that produced the subject merchandise in China; however, the Chinese respondent in the original investigation (Hubei Xingfa) indicated that there were only four other SHMP producers in China, each of which maintained an annual capacity of about 3,000 metric tons and had customers located mainly in China. The Commission sent questionnaires to 41 chemical firms in China that were identified as possible producers and/or exporters of SHMP. Two firms in China (Hubei Xingfa and Sichuan Mianzhu Norwest) provided data in response to the Commission's foreign producer questionnaire in the original investigation.[61] A list of 14 firms, identified as producers of SHMP in China that currently export or had exported to the United States or other countries after 2008, was provided by the domestic interested parties in their response to the Commission's notice of institution in this first five-year review.[62]

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[61] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. VII-1.

[62] The Chinese firms listed by the domestic interested parties in their response are: (1) Hygeia-Chem (Shanghai) Co., Ltd.; (2) Hubei Xingfa; (3) Mianyang Aostar Phosphorus Chemical Industry Corp., Ltd.; (4) Shifang Kindia May Chemical Co., Ltd.; (5) Weifang Huabo Chemical Co., Ltd.; (6) Qingdao Tianshi Chemical Industry Co.; (7) Yangzhou Chemical Co., Ltd.; (8) Anhui Technology Import & Export Co., Ltd.;

Capacity and production

Both Chinese producers Hubei Xingfa and Sichuan Mianzhu Norwest reported production of food grade SHMP and technical grade SHMP in a wide range of chain lengths in the original investigation. Hubei Xingfa (the larger of the two SHMP producers) reported manufacturing a broad range of phosphate chemicals, including SHMP. The firm reported manufacturing SHMP in a fully integrated production operation by first mining phosphate rock, converting the ore to the elemental (yellow) phosphorus, and processing it into the upstream phosphoric acid used to produce SHMP. Hubei Xingfa indicated, however, that most Chinese producers were not integrated at that time, but began the manufacturing process either with elemental phosphorus (which was then converted to phosphoric acid) or directly with locally purchased phosphoric acid.[63]

Hubei Xingfa, the largest producer of SHMP in China during the original investigation, accounted for *** percent of the total production of SHMP in China and *** percent of the exports to the United States in 2006. The firm reported an annual SHMP production capacity of *** metric tons and exports of *** metric tons of SHMP to the United States during 2006. Hubei Xingfa was the *** supplier for *** reporting U.S. importers in the original investigation.[64]

In their response to the Commission's notice of institution in this review, the domestic producers noted that Hubei Xingfa remains a large Chinese SHMP producer, with an annual capacity to produce 66,000 metric tons of SHMP. They also stated that the capacity to produce SHMP in China is "substantial" with an "aggregate annual capacity equal to well over 300,000 metric tons."[65] A list of current producers in China and their advertised plant capacity as identified by the domestic producers in this review is presented in table I-9.

(9) Jiangyin Chengxing International Trade; (10) Anshan Career Economic Trade Co., Ltd.; (11) Qingdao Gather Great Ocean Seaweed Industry Co., Ltd.; (12) Dezhou Hualude Hardware Products Co., Ltd.; (13) Rushan Wooyoung Trading Co., Ltd; and (14) Rushan Delier Trading Co., Ltd. The domestic interested parties also named at least three additional firms in China that market SHMP for export: Jiangsu Darning, Henan Premtec Enterprise Corp., and Asia Phos (formerly Mianzhu Norwest). *Substantive Response of ICL and Innophos*, March 4, 2013, exh. 13.

[63] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. VII-1, VII-4, and VII-9.

[64] *Ibid.*, pp. VII-4 – VII-5.

[65] *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 14-15 and 18-19.

Table I-9
SHMP: Production capacity in China, by firm, 2013

Firm	Product	Annual capacity (*metric tons*)
Jiangsu Daming	SHMP	100,000
Henan Premtec Enterprise Corp.	SHMP	36,000
Mianyang Aostar Phosphorus Chemical Industry Co., Ltd.	Food grade SHMP	12,000
	Technical grade SHMP	28,000
AsiaPhos (formerly Mianzhu Norwest)	SHMP	([1])
Shifang Kindia May Chemical Co., Ltd.	SHMP	30,000
Weifang Huabo Chemical Co., Ltd.	Phosphates, including SHMP	33,000
Hubei Xingfa	SHMP	66,000
Subtotal, identified firms		305,000
Other unidentified firms		174,000
Total, all China		479,000

[1] Mianzhu Norwest, which was damaged by earthquakes in 2008, has been rebuilt and renamed AsiaPhos. AsiaPhos advertises new SHMP capacity that will be brought on line this year.

Source: *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 18-19; and "The Production Status of Sodium Hexametaphosphate in China," as quoted in *Phosphorus Industry China Monthly Report 1304*, CCM, April 8, 2013, accessed at http://eshare.cnchemicals.com/publishing/home/2013/05/14/362/the-production-status-of-sodium-hexametaphosphate-in-china.html.

CCM, a Chinese-based market research firm, reported that 41.37 percent of China's production of SHMP is concentrated in Sichuan and Shandong provinces. The firm also reported that capacity expansion for SHMP "only appears moderate in 2012" because the Chinese government designated SHMP production line construction projects in the "restricted" category of the *Guiding Catalogue of Industrial Structure Adjustment*. Nevertheless, the research firm's estimate of 2012 SHMP annual production capacity in China is even much larger than that estimated by the domestic producers in their response to the notice of institution in this review. The firm estimated that the annual capacity to produce SHMP in China increased by 4.36 percent to 479,000 metric tons from 2011 to 2012. Capacity utilization rates for SHMP during 2011 and 2012 in China were characterized by the research firm as being at "relatively low levels" of 55.3 percent and 60.2 percent in 2011 and 2012, respectively. The firm also reported that, according to SHMP producers in China, the Chinese market for SHMP is "already saturated" and that "the demand for SHMP won't undergo any surge in the next few years."[66]

[66] "The Production Status of Sodium Hexametaphosphate in China," as quoted in *Phosphorus Industry China Monthly Report 1304*, CCM, April 8, 2013, accessed at http://eshare.cnchemicals.com/publishing/home/2013/05/14/362/the-production-status-of-sodium-hexametaphosphate-in-china.html.

Exports, imports, and net trade balance

China reported external trade data for SHMP to the *Global Trade Atlas* in a basket category with other polyphosphates until 2009, when it created two new subheadings specifically for SHMP—food grade SHMP (2835.39.11) and other SHMP (2835.39.19). Available *Global Trade Atlas* data concerning China's exports, imports, and net trade balance reported for SHMP during 2009-12 are presented in table I-10.

Table I-10

SHMP: China exports, imports, and trade balance, by type of SHMP, 2009-12

(Quantity in metric tons, value in $1,000s, unit values in dollars per metric ton)

Item	2009	2010	2011	2012
			Food grade SHMP	
Exports to—				
United States:				
Quantity	221	146	305	125
Value	296	157	338	162
Unit value	1,333	1,082	1,107	1,295
All other countries:				
Quantity	29,001	40,328	38,089	47,036
Value	24,980	36,232	40,620	52,373
Unit value	861	898	1,066	1,113
Total exports:				
Quantity	29,222	40,474	38,394	47,161
Value	25,276	36,389	40,958	52,535
Unit value	865	899	1,067	1,114
Imports:				
Quantity	54	124	91	55
Value	415	729	585	636
Unit value	7,725	5,891	6,451	11,642
Net trade balance:				
Quantity	29,168	40,350	38,303	47,106
Value	24,860	35,661	40,374	51,899

Table continued on following page.

Table I-10--*Continued*

SHMP: China exports, imports, and trade balance, by type of SHMP, 2009-12

(Quantity in metric tons, value in $1,000s, unit values in dollars per metric ton)

Item	2009	2010	2011	2012
Technical grade SHMP				
Exports to—				
United States:				
Quantity	10	35	135	35
Value	9	33	213	47
Unit value	850	940	1,579	1,345
All other countries:				
Quantity	6,602	8,561	10,263	9,339
Value	6,368	8,697	12,261	11,882
Unit value	964	1,016	1,195	1,272
Total exports:				
Quantity	6,612	8,596	10,398	9,374
Value	6,376	8,730	12,474	11,929
Unit value	964	1,016	1,200	1,273
Imports:				
Quantity	1,125	1,507	1,767	1,263
Value	2,920	3,445	7,334	5,047
Unit value	2,596	2,287	4,150	3,995
Net trade balance:				
Quantity	5,487	7,089	8,631	8,111
Value	3,456	5,285	5,140	6,882
All SHMP				
Exports to—				
United States:				
Quantity	231	181	440	160
Value	303	190	551	209
Unit value	1,312	1,054	1,251	1,306
All other countries:				
Quantity	35,603	48,889	48,352	56,375
Value	31,348	44,929	52,881	64,255
Unit value	880	919	1,094	1,140
Total exports:				
Quantity	35,834	49,070	48,792	56,535
Value	31,652	45,119	53,432	64,464
Unit value	883	919	1,095	1,140
Imports:				
Quantity	1,178	1,630	1,858	1,318
Value	3,335	4,174	7,919	5,682
Unit value	2,830	2,560	4,262	4,312
Net trade balance:				
Quantity	34,656	47,440	46,934	55,217
Value	28,317	40,946	45,514	58,782

Note.—Unit values are calculated from unrounded figures.

Source: *Global Trade Atlas* (2835.39.11 (technical grade SHMP) and 2835.39.19 (food grade SHMP)).

These data show that China's exports of SHMP to the United States fluctuated during 2009-12, ranging from a high of 440 metric tons in 2011 to a low of 160 metrics tons during 2012. A majority (78.8 percent) of China's SHMP exports to the United States during 2009-12 was food grade SHMP, whereas the remainder was classified as "other" (presumable technical grade) SHMP. Exports of SHMP from China to the United States accounted for less than one percent of total exports of SHMP from China to all countries. The average unit values reported for China's exports of SHMP to the United States were consistently higher in each annual period (ranging from a low of $1,054 per metric ton in 2010 to a high of $1,312 per metric ton in 2009) than the average unit values reported for exports to all other countries combined (ranging from a low of $880 per metric ton in 2009 to a high of $1,140 per metric ton in 2012). Top export markets for China's SHMP during 2012 were Brazil, Saudia Arabia, Egypt, Spain, Malaysia, Italy, India, Thailand, Netherlands, Turkey, Australia, Indonesia, and Ukraine. The *Global Trade Atlas* data also show that China was a relatively large net exporter of SHMP during 2009-12, exporting 55,217 metric tons more SHMP than it imported during 2012.

Tariff or non-tariff barriers to trade

SHMP produced in China is currently subject to an antidumping duty of 102.22 percent *ad valorem* in Mexico. The antidumping duty order, effective August 3, 2004, covers both food and technical grade product, regardless of chain length.[67]

GLOBAL MARKET

As was the case in the original investigation, there are currently a relatively limited number of SHMP manufacturers in nonsubject countries worldwide. The major SHMP producers are located in Australia, France, Germany, Mexico, Slovenia, Thailand, and the United Kingdom, in addition to those in China and the United States.[68] Although there is information on the global market generally for phosphates, there is limited information publicly available that is specific to SHMP. Table I-11 presents available information on the primary producers of SHMP worldwide and their estimated annual capacity to produce SHMP.

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[67] *Semi-Annual Report Under Article 16.4 of the Agreement—Mexico*, World Trade Organization, G/ADP/N/126/MEX, February 25, 2005, and *Semi-Annual Report Under Article 16.4 of the Agreement—Mexico*, World Trade Organization, G/ADP/N/237/MEX, March 14, 2013 accessed at https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Query=(+%40Symbol%3d+g%2fadp%2fn%2f*+and+mex)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true.

[68] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. VII-2 and VII-12; and *Substantive Response of ICL and Innophos*, March 4, 2013, p. 11.

Table I-11
SHMP: Global production capacity

Country	Producer	Capacity (*metric tons*)
China	Jiangsu Daming	100,000
	Henan Premtec Enterprise Corp.	36,000
	Mianyang Aostar Phosphorus Chemical Industry Co., Ltd.	40,000
	AsiaPhos (formerly Mianzhu Norwest)	([1])
	Shifang Kindia May Chemical Co., Ltd.	30,000
	Weifang Huabo Chemical Co., Ltd.	33,000
	Hubei Xingfa	66,000
	Other	174,000
Subtotal, China		479,000
France	Prayon Rupel, SA	***
Germany	BK Giulini	***
	Chemische Fabrik Budenheim	***
	Chemische Werke Piesteritz (Thermaphos Germany)	***
Subtotal, Germany		***
Mexico	Quimir SA de CV (acquired by Mexichem SAB de CV in 2008)	7,000
Slovenia	TKI Hrastnik DD	***
Thailand	Aditya Birla Chemicals	85,000 (all phosphates)
	Rajkmal Enterprises	([1])
United Kingdom	Thermophos United Kingdom	***
United States	ICL	***
	Innophos	***
Subtotal, United States		***
Total, global capacity		683,316

[1] Capacity data are not available for this company.

Note.—The Commission's report in the original investigation noted that there was SHMP production in Australia.

Source: *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, table VII-6; *Substantive Response of ICL and Innophos*, March 4, 2013, pp. 18-19 and exhibit 8; and "The Production Status of Sodium Hexametaphosphate in China," as quoted in *Phosphorus Industry China Monthly Report 1304*, CCM, April 8, 2013, accessed at http://eshare.cnchemicals.com/publishing/home/2013/05/14/362/the-production-status-of-sodium-hexametaphosphate-in-china.html.

The capacity estimates presented show that China is the world's dominant producer of SHMP, accounting for more than two-thirds of global capacity to produce SHMP. The United States is a much smaller global SHMP supplier, accounting for about *** percent of worldwide capacity.

During the original investigation, the Commission reported that the European market differed from the U.S. market in that ***. The exchange rate and the need for certain customers to meet their exact specifications also limited shipping SHMP manufactured in Europe to the United States. The producer in France (Prayon) and German manufacturers shipped *** volumes of SHMP to the United States. There were *** identified U.S. imports of SHMP from the producer in the United Kingdom (Thermophos) during the original investigation.[69] Mexico, in contrast, consistently supplied SHMP to the United States during the original investigation from Mexican producer Quimir, which accounted for all production of SHMP in Mexico. Quimir reported that it produced *** technical grade SHMP although *** volumes of the food grade product were also manufactured. ***.[70]

Global Trade Atlas data concerning the net trade balance reported for the United States China, and other selected nonsubject countries that are known to have substantial production of SHMP are presented in table I-12. Of the nine countries that are known to have firms that produce SHMP, one country (France) had no reported external trade of polyphosphates, and five countries (United States, Australia, Germany, Slovenia, and the United Kingdom) reported external trade of SHMP as part of a larger basket category that includes all polyphosphates. Only China, Mexico, and Thailand reported external trade data to the *Global Trade Atlas* specific to SHMP. These data show that, in 2012, China, Germany, Mexico, Slovenia, and Thailand were net exporters, and Australia, the United Kingdom, and the United States were net importers.

[69] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. VII-13.

[70] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, p. VII-14.

Table I-12

SHMP: Exports, imports, and trade balances, by country, 2007-12

(Quantity in metric tons)

Item	2007	2008	2009	2010	2011	2012
SHMP						
China:						
Exports	([1])	([1])	35,834	49,070	48,792	56,535
Imports	([1])	([1])	1,178	1,630	1,858	1,318
Trade balance	([1])	([1])	34,656	47,440	46,934	55,217
Mexico:						
Exports	2,219	3,877	4,163	4,053	4,007	1,833
Imports	188	384	445	876	1,005	1,663
Trade balance	2,031	3,493	3,718	3,177	3,002	170
Thailand:						
Exports	1,452	3,169	3,027	6,852	7,199	7,438
Imports	1,742	4,263	1,503	2,947	2,587	1,871
Trade balance	(290)	(1,094)	1,524	3,905	4,612	5,567
Polyphosphates						
United States:						
Exports	12,926	14,267	14,296	21,204	25,211	25,563
Imports	41,551	30,335	31,129	59,453	91,047	80,830
Trade balance	(28,625)	(16,068)	(16,833)	(38,250)	(65,836)	(55,267)
Australia:						
Exports	1,420	864	1,102	1,329	1,145	780
Imports	4,797	6,364	4,840	7,182	7,992	6,943
Trade balance	(3,376)	(5,501)	(3,738)	(5,853)	(6,847)	(6,163)
Germany:						
Exports	83,252	83,021	64,165	71,495	79,660	77,082
Imports	13,182	21,785	12,208	18,658	16,297	16,709
Trade balance	70,070	61,236	51,958	52,837	63,363	60,373
Slovenia:						
Exports	1,185	400	401	815	766	851
Imports	404	788	485	586	627	532
Trade balance	781	(388)	(84)	229	140	319
United Kingdom:						
Exports	21,516	16,037	11,749	8,823	4,285	3,284
Imports	51,153	28,884	27,167	27,403	28,853	24,850
Trade balance	(29,638)	(12,847)	(15,418)	(18,580)	(24,568)	(21,567)

[1] Data reported by China specific to SHMP are not available in periods prior to 2009.

Note.—France did not report any external trade data to the *Global Trade Atlas* with regard to polyphosphates.

Source: *Global Trade Atlas*.

APPENDIX A

REPRODUCTIONS OF SELECTED TABLES FROM THE ORIGINAL INVESTIGATION STAFF REPORT

Table IV-2
SHMP: U.S. imports, by sources, 2004-06, January-September 2006, and January-September 2007

Source	Calendar year			January-September	
	2004	2005	2006	2006	2007
Quantity (*metric tons*)					
China (subject)	19,695	22,901	21,017	13,557	19,132
Germany	***	***	***	(1)	(1)
Mexico	***	***	***	2,447	1,229
All other sources[2]	***	***	***	1,327	2,051
Subtotal nonsubject	4,499	6,410	5,042	3,773	3,280
Total	24,193	29,311	26,059	17,330	22,412
Value (*1,000 dollars*)[3]					
China (subject)	12,817	18,779	16,906	11,492	16,236
Germany	***	***	***	(1)	(1)
Mexico	***	***	***	2,319	1,234
All other sources[2]	***	***	***	1,721	3,201
Subtotal nonsubject	3,456	6,553	6,804	4,041	4,435
Total	16,273	25,332	23,710	15,533	20,671
Unit value (*per metric ton*)[3]					
China (subject)	$651	$820	$804	848	849
Germany	***	***	***	(1)	(1)
Mexico	***	***	***	948	1,004
All other sources[2]	***[4]	***	***	1,297	1,561
Average nonsubject	768	1,022	1,349	1,071	1,352
Average	673	864	910	896	922
Share of quantity (*percent*)					
China (subject)	81.4	78.1	80.7	78.2	85.4
Germany	***	***	***	(1)	(1)
Mexico	***	***	***	14.1	5.5
All other sources[2]	***	***	***	7.7	9.1
Subtotal nonsubject	18.6	21.9	19.3	21.8	14.6
Total	100.0	100.0	100.0	100.0	100.0

Table continued on the following page.

Table IV-2
SHMP: U.S. imports, by sources, 2004-06, January-September 2006, and January-September 2007

Source	Calendar year			January-September	
	2004	2005	2006	2006	2007
			Share of value (*percent*)		
China (subject)	78.8	74.1	71.3	74.0	78.5
Germany	***	***	***	([1])	([1])
Mexico	***	***	***	14.9	6.0
All other sources[2]	***	***	***	11.1	15.5
Subtotal nonsubject	21.2	25.9	28.7	26.0	21.5
Total	100.0	100.0	100.0	100.0	100.0
			Ratio of imports to U.S. production (*percent*)		
China (subject)	***	***	***	***	***
Germany	***	***	***	([1])	([1])
Mexico	***	***	***	***	***
All other sources[2]	***	***	***	***	***
Subtotal nonsubject	***	***	***	***	***
Total	***	***	***	***	***

[1] Not shown.
[2] The countries included in "all other sources" consist of (ranked by the order of the quantity of imports in 2006 under HTS number 2835.39.5000): Belgium, France, Netherlands, Malaysia, Hong Kong, Thailand, India, Denmark, Korea, and Chile. Imports (over 1 metric ton in 2004 or 2005) were also reported from: Bulgaria, Australia, and Slovenia.
[3] Landed, duty-paid.
[4] Unit value is distorted by adjustments to U.S. imports from the United Kingdom made using questionnaire data to exclude nonsubject merchandise. The unit value of all other sources calculated directly from official Commerce statistics for HTS number 2835.39.5000 (and excluding the United Kingdom) is $950 in 2004. Imports from the United Kingdom under the HTS item declined sharply after 2004 resulting in minimal distortion to the unit values for all other sources in the succeeding periods.

Note.–Data for Germany are presented for the annual periods but not the interim periods since at the time of the preliminary phase of the investigations it was not known that *** of the relatively substantial volume of U.S. imports from Germany under HTS number 2835.39.5000 are not SHMP. Also, the use of adjusted official Commerce statistics for Mexico for the annual periods but not for the interim periods results in the January-September 2006 figure *** that for full-year 2006.

Source: (1) Annual periods are compiled from adjusted official Commerce statistics (HTS number 2835.39.5000) for all sources except for Germany, which is questionnaire data, and (2) interim periods are official Commerce statistics.

Table IV-4
SHMP: U.S. shipments of domestic product, U.S. imports, by source, and apparent U.S. consumption, 2004-06, January-September 2006, and January-September 2007

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Table IV-5
SHMP: Apparent U.S. consumption and market shares, by source, 2004-06, January-September 2006, and January-September 2007

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Table C-1
SHMP: Summary data concerning the U.S. market, 2004-06, January-September 2006, and January-September 2007

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