

Sulfanilic Acid from China and India

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

Publication 4680

April 2017

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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

Sulfanilic Acid from China and India

DETERMINATIONS

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

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted these reviews on September 1, 2016 (81 FR 60386) and determined on December 5, 2016 that it would conduct expedited reviews (81 FR 92854, December 20, 2016).

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

Views of the Commission

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

I. Background

In August 1992, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of sulfanilic acid from China that the U.S. Department of Commerce (“Commerce”) had determined were sold in the United States at less than fair value (“LTFV”).¹ In February 1993, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of sulfanilic acid from India that Commerce had determined were subsidized by the government of India and sold in the United States at LTFV.² Commerce issued an antidumping duty order on sulfanilic acid from China in August 1992 and antidumping and countervailing duty orders on sulfanilic acid from India in March 1993.³

In the first reviews⁴ instituted on October 1, 1999, the Commission made affirmative determinations after expedited reviews.⁵ Commerce issued a notice of continuation of the orders in June 2000.⁶ In the second reviews instituted on May 2, 2005, the Commission conducted full reviews and made affirmative determinations.⁷ Commerce issued a notice of continuation of the orders in May 2006.⁸ In the third reviews, instituted on April 1, 2011, the

¹ *Sulfanilic Acid from the People’s Republic of China*, Inv. No. 731-TA-538 (Final), USITC Pub. 2542 at 3 (August 1992) (“Original China Determination”). R-M Industries, Inc. (“R-M Industries”), predecessor to the current domestic producer, Nation Ford Chemical Co. (“NFC”), filed the petitions.

² *Sulfanilic Acid from the Republic of Hungary and India*, Inv. Nos. 701-TA-318 and 731-TA-560 (Final), USITC Pub. 2603 at 3 (February 1993) (“Original India Determinations”). There was no litigation concerning the Commission’s affirmative determinations. There was litigation on the Commission’s negative determination on sulfanilic acid from Hungary, which was ultimately upheld on remand. See *R-M Industries, Inc. v. United States*, 18 CIT 219 (1994) and *R-M Industries, Inc. v. United States*, 18 CIT 577 (1994).

³ 57 Fed. Reg. 37524 (August 19, 1992) (China); 58 Fed. Reg. 12025 and 12026 (March 2, 1993) (India).

⁴ 64 Fed. Reg. 53412 (October 1, 1999).

⁵ 65 Fed. Reg. 3232 (May 26, 2000); *Sulfanilic Acid from China and India*, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (First Review), USITC Pub. 3301 at 3 (May 2000) (“First Review Opinion”).

⁶ 65 Fed. Reg. 36404 (June 8, 2000).

⁷ 71 Fed. Reg. 24860 (April 27, 2006); *Sulfanilic Acid from China and India*, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Second Review), USITC Pub. 3849 at 3 (April 2006) (“Second Review Opinion”).

⁸ 71 Fed. Reg. 27449 (May 11, 2006).

Commission conducted expedited reviews and made affirmative determinations.⁹ Commerce issued a notice of continuation of the orders in October 2011.¹⁰

The Commission instituted these reviews on September 1, 2016. NFC, a domestic producer of sulfanilic acid, filed a response to the notice of institution in support of the continuation of the orders. Archroma, an importer of sulfanilic acid from China, initially filed a response to the notice of institution in support of revocation of the order on China, but later withdrew its support for revocation.¹¹ NFC filed comments on adequacy and final comments. On December 5, 2016, the Commission found the domestic interested party group response to be adequate and the respondent interested party group response to be adequate in the review involving subject imports from China and inadequate in the reviews involving subject imports from India. It nevertheless determined to conduct expedited reviews because Archroma indicated that it no longer supported revocation of the order on sulfanilic acid from China, neither it nor any party supporting revocation of the orders was likely to participate in full reviews, and no other circumstances warranted conducting full reviews.¹²

II. Domestic Like Product and Industry

A. Domestic Like Product

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

⁹ *Sulfanilic Acid from China and India*, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Third Review), USITC Pub. 4270 at 3 (Oct. 2011) (“Third Review Opinion”).

¹⁰ 76 Fed. Reg. 66039 (Oct. 25, 2011).

¹¹ *Withdrawal of Any Opposition to Continuation of Orders*, EDIS Doc. 595364 (Nov. 18, 2016).

¹² *Explanation of Commission Determinations on Adequacy*, EDIS Doc. 597844 (Dec. 13, 2016).

¹³ 19 U.S.C. § 1677(4)(A).

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

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

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

{A}All grades of sulfanilic acid, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid. Sulfanilic acid is a synthetic organic chemical produced from the direct sulfonation of aniline with sulfuric acid. Sulfanilic acid is used as a raw material in the production of optical brighteners, food colors, specialty dyes, and concrete additives. The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry, free flowing powders. Technical sulfanilic acid, classifiable under the subheading 2921.42.22 of the Harmonized Tariff Schedule (“HTS”) contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid, also classifiable under the subheading 2921.42.22 of the HTS, contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline and 0.25 percent maximum alkali insoluble materials. Sodium salt (sodium sulfanilate), classifiable under the HTS subheading 2921.42.90, is a powder, granular or crystalline material which contains 75 percent minimum equivalent sulfanilic acid, 0.5 percent maximum aniline based on the equivalent sulfanilic acid content, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content.¹⁶

Sulfanilic acid is used to produce brightening agents, food color, and other dyes and additives. It is produced in two grades: technical or crude, and refined or pure. The form of sulfanilic acid used depends on the product being produced and the production process. Optical brighteners and food color tend to be produced with pure sulfanilic acid, whereas the production of dyes and special concretes tend to utilize crude sulfanilic acid.¹⁷ Optical brighteners, in particular paper brighteners, are the largest single end use for pure sulfanilic acid.¹⁸ Sulfanilic acid is produced by reacting aniline with sulfuric acid in a closed reactor to form aniline hydrogen sulfate. The aniline hydrogen sulfate is then heated to form crude sulfanilic acid, which can be further refined into its pure form.¹⁹

¹⁶ *Sulfanilic Acid from India and the People’s Republic of China: Final Results of Expedited Fourth Sunset Review*, 82 Fed. Reg. 1321 (Jan. 5, 2017) (“Commerce Review Determination”).

¹⁷ Confidential Report (“CR”) at I-6-8, Public Report (“PR”) at I-4-6.

¹⁸ CR at I-7, PR at I-5.

¹⁹ CR at I-8, PR at I-6.

In the original investigations and prior reviews, the Commission defined the domestic like product as sulfanilic acid, coextensive with Commerce's scope.²⁰ In these fourth reviews, NFC argues that the Commission should continue to define the domestic like product as sulfanilic acid.²¹ The record does not contain any information suggesting that the pertinent product characteristics of sulfanilic acid have changed since the prior proceedings.²² In light of the foregoing, we continue to define the domestic like product as sulfanilic acid, coextensive with Commerce's scope.

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."²³ 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 investigations, there were two firms producing sulfanilic acid in the United States during the period of investigation ("POI"): petitioner R-M Industries and Hilton Davis Co. ("Hilton Davis").²⁴ Hilton Davis ceased production in mid-1991.²⁵ In its original determinations, the Commission defined the domestic industry as the sole remaining domestic producer of sulfanilic acid, R-M Industries.²⁶

Since the original investigations, there has been a single producer of sulfanilic acid in the United States: R-M Industries, and then its successor, NFC. In all three prior reviews, the Commission defined the domestic industry as consisting of NFC, the only domestic producer of sulfanilic acid.²⁷

²⁰ Original China Determination, USITC Pub. 2542 at 7; Original India Determinations, USITC Pub. 2603 at 8; First Review Opinion, USITC Pub. 3301 at 7; Second Review Opinion, USITC Pub. 3849 at 6; Third Review Opinion, USITC Pub. 4270 at 4.

²¹ NFC Comments at 3.

²² See generally, CR at I-6-13, PR at I-4-9.

²³ 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.

²⁴ Original China Determination, USITC Pub. 2542 at 6-7; Original India Determinations, USITC Pub. 2603 at 7-8.

²⁵ Original China Determination, USITC Pub. 2542 at 6-7; Original India Determinations, USITC Pub. 2603 at 7-8.

²⁶ Original China Determination, USITC Pub. 2542 at 7 and Original India Determinations, USITC Pub. 2603 at 8.

²⁷ CR at I-15-16, PR at I-10-11; First Review Opinion, USITC Pub. 3301 at 5; Second Review Opinion, USITC Pub. 3849 at 7; Third Review Opinion, USITC Pub. 4270 at 6.

There are no domestic industry or related party issues in these fourth reviews, and NFC continues to assert that it is the sole domestic producer of sulfanilic acid.²⁸ Accordingly, we define the domestic industry as all U.S. producers of sulfanilic acid, the sole known producer being NFC.

III. Cumulation

A. Legal Standard

With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.²⁹

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(i) of the Tariff Act.³⁰ The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated on the same day, the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

B. Background and Party Arguments

At the time of the original China investigation, the controlling statutory language called for cumulation of imports “subject to investigation.” Although the China petition was filed six

²⁸ See, generally, CR at I-15-16, PR at I-10-11; Comments at 3.

²⁹ 19 U.S.C. § 1675a(a)(7).

³⁰ 19 U.S.C. § 1677(7)(G)(i); see also, e.g., *Nucor Corp. v. United States*, 601 F.3d 1291, 1293 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); *Allegheny Ludlum Corp. v. United States*, 475 F. Supp. 2d 1370, 1378 (Ct. Int’l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); *Nucor Corp. v. United States*, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int’l Trade 2008).

months prior to the Hungary and India petitions, at the time the Commission made its final determination concerning subject imports from China, the Hungary and India investigations were ongoing and thus “subject to investigation.” The Commission plurality therefore exercised its discretion to cumulate imports from Hungary and India with imports from China for purposes of its threat determination on sulfanilic acid from China.³¹ In its final determination on subject imports from India, the four Commissioners who made affirmative determinations were equally divided on whether to cumulate subject imports from India with other subject imports.³²

In the three prior reviews, the Commission exercised its discretion to cumulate subject imports from China and India. The Commission did not find that subject imports from China or India would be likely to have no discernible adverse impact on the domestic industry in the event of revocation. It found a likely reasonable overlap of competition among imports from these subject countries and between subject imports and the domestic like product, and it did not find any likely differences in the conditions of competition among these two subject sources of sulfanilic acid.³³

In these reviews, NFC argues that the Commission should cumulate subject imports from China and India because there continues to be a reasonable degree of overlap between such imports and between imports from each country and the domestic like product.³⁴ NFC also contends that subject imports from China and India would likely compete in the U.S. market under similar conditions of competition.³⁵

C. Analysis

In these reviews, the statutory threshold for cumulation is satisfied as all reviews were initiated on the same day: September 1, 2016.³⁶ In addition, we consider the following issues in deciding whether to exercise our discretion to cumulate the subject imports: (1) whether imports from either of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among the subject imports and the domestic like product; and (3) whether subject imports are likely to compete in the U.S. market under different conditions of competition.

³¹ Original China Determination, USITC Pub. 2542 at 14-18.

³² Original India Determinations, USITC Pub. 2603 at 14-16 (Commissioners Watson and Rohr), 59 (Commissioners Newquist and Nuzum).

³³ First Review Opinion, USITC Pub. 3301 at 7-8; Second Review Opinion, USITC Pub. 3849 at 9-13; Third Review Opinion, USITC Pub. 4270 at 7-9.

³⁴ NFC Comments at 4.

³⁵ NFC Comments at 4-5.

³⁶ 81 Fed. Reg. 60343 (Sep. 1, 2016).

1. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.³⁷ Neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to have no discernible adverse impact” on the domestic industry.³⁸ With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account, among other things, the nature of the product and the behavior of subject imports in the original investigations.

Based on the record in these reviews, we do not find that subject imports from China or India would likely have no discernible adverse impact on the domestic industry in the event of revocation.

China. In the original investigation, the Commission found that there was a significant increase in volume of imports from China accompanied by rapid market penetration in terms of both quantity and value.³⁹ Subject imports from China were *** pounds in 1989, *** pounds in 1990, and *** pounds in 1991; they were *** pounds between January and March (“interim”) 1991 and *** pounds in interim 1992.⁴⁰ As a share of the U.S. market, they were *** percent in 1989, *** percent in 1990, and *** percent in 1991; their share was *** percent in interim 1991 and *** percent in interim 1992.⁴¹ The Commission found that capacity increased dramatically in China toward the end of the POI. It was *** pounds in 1989, *** pounds in 1990, and *** pounds in 1991; it was *** pounds in interim 1991 and *** pounds in interim 1992.⁴² Capacity utilization was *** percent in 1989, *** percent in 1990, and *** percent in 1991; it was *** percent in interim 1991 and *** percent in interim 1992.⁴³ The Commission stated that it was “particularly concerned with the Chinese producers’ ability to increase production capacity and shipments to the United States in a short period of time.”⁴⁴

In the first reviews, subject imports from China declined between 1994 and 1997 before increasing sharply between 1997 and 1999.⁴⁵ Such imports were 1.0 million pounds in 1998 and 3.5 million pounds in 1999.⁴⁶ Subject imports from China accounted for *** percent of

³⁷ 19 U.S.C. § 1675a(a)(7).

³⁸ SAA, H.R. Rep. No. 103-316, vol. I at 887 (1994).

³⁹ Original China Determination, USITC Pub. 2542 at 20.

⁴⁰ Original China CR, EDIS Doc. 594525 at Table 11.

⁴¹ Original China CR, EDIS Doc. 594525 at Table 15.

⁴² Original China CR, EDIS Doc. 594525 at Table 11.

⁴³ Original China CR, EDIS Doc. 594525 at Table 11.

⁴⁴ Original China Determination, USITC Pub. 2542 at 20.

⁴⁵ First Review CR, EDIS Doc. 594527 at Figure I-1.

⁴⁶ First Review CR, EDIS Doc. 594527 at I-21.

apparent U.S. consumption in 1998.⁴⁷ While there were minimal data on the record concerning current capacity in China, the number of subject producers in China had increased since 1991, suggesting that capacity had risen.⁴⁸ Moreover, the Commission found that subject producers in China were heavily export oriented.⁴⁹

In the second reviews, subject imports from China were *** pounds in 1999, *** pounds in 2000, *** pounds in 2001 and 2002, *** pounds in 2003, and *** pounds in 2004; they were *** pounds in January to September (“interim”) 2004 and *** pounds in interim 2005.⁵⁰ The Commission found that China was one of the largest suppliers of sulfanilic acid to the world market and that capacity in China had increased substantially.⁵¹ It found there was nothing in the record to contradict NFC’s claims that capacity in China was “virtually unlimited” and that Chinese producers remained highly export oriented.⁵²

In the third reviews, the Commission found that subject producers in China remained export oriented and continued to possess significant capacity, although imports had declined.⁵³ Subject imports from China were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, and *** pounds in 2010.⁵⁴ Estimates on the record placed capacity in China for a limited number of producers at 144.4 million pounds.⁵⁵

In the current reviews, there were no subject imports from China between 2011 and 2014. In 2015, however, imports of subject merchandise from China were 252,149 pounds.⁵⁶ Such imports were *** percent of apparent U.S. consumption in 2015.⁵⁷ In its response to the notice of institution, NFC listed *** producers and exporters of sulfanilic acid in China, and estimated that capacity for 14 of these producers is 216.7 million pounds.⁵⁸ Information on the record from the Global Trade Atlas indicates that China is the largest global exporter of sulfanilic acid, with exports totaling 156 million pounds in 2015 that were valued at \$171 million.⁵⁹

In light of the foregoing, we do not find that subject imports from China would likely have no discernible adverse impact on the domestic industry if the antidumping duty order covering these imports were revoked.

⁴⁷ First Review Opinion, USITC Pub. 3301 at 16-17.

⁴⁸ First Review Opinion, USITC Pub. 3301 at 16-18.

⁴⁹ First Review Opinion, USITC Pub. 3301 at 18.

⁵⁰ Second Review CR, EDIS Doc. 594528 at Table IV-1.

⁵¹ Second Review Opinion, USITC Pub. 3849 at 19.

⁵² Second Review Opinion, USITC Pub. 3849 at 19-20.

⁵³ Third Review Opinion, USITC Pub. 4270 at 15.

⁵⁴ Third Review CR, EDIS Doc. 594529 at Table I-3.

⁵⁵ Third Review CR, EDIS Doc. 594529 at I-19.

⁵⁶ CR/PR at Table I-3.

⁵⁷ CR/PR at Table I-5.

⁵⁸ CR/PR at Table I-6.

⁵⁹ CR at I-27, PR at I-19. The Global Trade Atlas data available on sulfanilic acid include products outside the scope. *Id.*

India. In the original investigations, the Commission found that although subject imports from India did not begin entering the United States until after the POI began, these imports rapidly increased their market penetration, gaining a significant share of the U.S. market by 1992.⁶⁰ Subject imports from India were *** pounds in 1989 and 1990 and *** pounds in 1991; they were *** pounds in January to September (“interim”) 1991 and *** pounds in interim 1992.⁶¹ As a share of the U.S. market, such imports were *** percent in 1989 and 1990, and *** percent in 1991; their share was *** percent in interim 1991 and *** percent in interim 1992.⁶² Capacity in India was *** pounds in 1989, *** pounds in 1990, and *** pounds in 1991; it was *** pounds in interim 1991 and interim 1992.⁶³ Capacity utilization was *** percent in 1989, *** percent in 1990, and *** percent in 1991; it was *** percent in interim 1991 and *** percent in interim 1992.⁶⁴ The Commission further observed that subject producers in India were increasing their focus on the U.S. market.⁶⁵

In the first reviews, 44,000 pounds of sulfanilic acid from India entered the United States in 1994, with no imports from 1995 to 1999.⁶⁶ The Commission found that capacity had increased in India and that subject producers in India were heavily export oriented.⁶⁷

In the second reviews, subject imports from India were nonexistent during the period of review.⁶⁸ However, the Commission found that India was one of the largest suppliers of sulfanilic acid to the world market and that one producer in India, accounting for *** percent of sulfanilic acid production in India in 2004, produced *** pounds of sulfanilic acid in 2004.⁶⁹ It found there was nothing in the record to contradict NFC’s claims that capacity in India was “virtually unlimited.”⁷⁰ The Commission also found that producers in India remained highly export oriented.⁷¹

In the third reviews, the Commission found that subject producers in India remained export oriented and continued to possess significant capacity, although imports were at very low levels.⁷² Subject imports from India were *** pounds between 2005 and 2007, *** pounds in 2008, *** pounds in 2009, and *** pounds in 2010.⁷³ Estimates on the record placed capacity in India for a limited number of producers at 29.8 million pounds.⁷⁴

⁶⁰ Original India Determinations, USITC Pub. 2603 at 21.

⁶¹ Original India CR, EDIS Doc. 594524 at Table 12.

⁶² Original India CR, EDIS Doc. 594524 at Table 16.

⁶³ Original India CR, EDIS Doc. 594524 at Table 12.

⁶⁴ Original India CR, EDIS Doc. 594524 at Table 12.

⁶⁵ Original India Determinations, USITC Pub. 2603 at 22.

⁶⁶ First Review CR, EDIS Doc. 594527 at I-21.

⁶⁷ First Review Opinion, USITC Pub. 3301 at 17-18.

⁶⁸ Second Review CR, EDIS Doc. 594528 at Table IV-1.

⁶⁹ Confidential Second Review Opinion, EDIS Doc. 594531 at 27.

⁷⁰ Second Review Opinion, USITC Pub. 3849 at 19-20.

⁷¹ Second Review Opinion, USITC Pub. 3849 at 20.

⁷² Third Review Opinion, USITC Pub. 4270 at 15.

⁷³ Third Review CR, EDIS Doc. 594529 at Table I-3.

⁷⁴ Third Review CR, EDIS Doc. 594529 at I-20.

In the current reviews, subject imports from India were sporadic during the period of review. They were 165 pounds in 2011, 0 pounds in 2012, 882 pounds in 2013, 2,845 pounds in 2014, and 992 pounds in 2015.⁷⁵ Information on the record from the Global Trade Atlas indicates that India is the second-largest global exporter of sulfanilic acid, with exports totaling 67 million pounds in 2015 that were valued at \$100 million.⁷⁶

In light of the foregoing, we do not find that subject imports from India would likely have no discernible adverse impact on the domestic industry if the antidumping duty and countervailing duty orders covering these imports were revoked.

2. Likelihood of a Reasonable Overlap of Competition

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.⁷⁷ Only a “reasonable overlap” of competition is required.⁷⁸ In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.⁷⁹

Fungibility. In the original China investigation, the Commission observed that there was sufficient fungibility among the different forms of sulfanilic acid to warrant cumulation, but acknowledged that purchasers had indicated preferences for particular forms of sulfanilic acid.⁸⁰ In the prior reviews, the Commission continued to find that subject imports were

⁷⁵ CR/PR at Table I-3.

⁷⁶ CR at I-27, PR at I-19. As previously stated, Global Trade Atlas data include products outside the scope.

⁷⁷ The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are as follows: (1) the degree of fungibility between subject imports from different countries and between subject imports and the domestic like product, including consideration of specific customer requirements and other quality-related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and (4) whether subject imports are simultaneously present in the market with one another and the domestic like product. See, e.g., *Wieland Werke, AG v. United States*, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁷⁸ See *Mukand Ltd. v. United States*, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); *Wieland Werke*, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); *United States Steel Group v. United States*, 873 F. Supp. 673, 685 (Ct. Int’l Trade 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., *Live Cattle from Canada and Mexico*, Inv. Nos. 701-TA-386 and 731-TA-812-13 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff’d sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States*, 74 F. Supp. 2d 1353 (Ct. Int’l Trade 1999); *Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan*, Inv. Nos. 731-TA-761-62 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

⁷⁹ See generally, *Cheflene Corp. v. United States*, 219 F. Supp. 2d 1313, 1314 (Ct. Int’l Trade 2002).

⁸⁰ Original China Determination, USITC Pub. 2542 at 15.

fungible with each other and with the domestic like product.⁸¹ There is no new information on the record in these reviews to indicate that the fungibility of subject imports has changed.⁸²

Channels of Distribution. In the original China investigation, the Commission found that subject imports from China and India were sold through the same channels of distribution and in some cases, to the same customers.⁸³ In the prior reviews, the Commission continued to find that subject imports were sold in similar channels of distribution.⁸⁴ There is no new information in these reviews to indicate that this has changed.⁸⁵

Geographic Overlap. In the original China investigation, the Commission found that subject imports from China and India were sold in the same geographic markets.⁸⁶ In the first reviews, the Commission continued to find that subject imports from China and India were sold in overlapping geographical regions.⁸⁷ In the second reviews, the Commission observed that its analysis was limited by low volumes of subject imports, but that nothing on the record suggested that subject imports would not be sold in overlapping geographical regions.⁸⁸ In the third reviews, the Commission observed that the record did not contain any new information to suggest that geographic distribution of subject imports had changed.⁸⁹ In these reviews, subject imports from India entered the United States through the ports of Chicago and New York, whereas subject imports from China entered predominantly through the port of Charleston.⁹⁰ However, there is nothing in the record indicating that, upon revocation, the prior geographic overlap would not return.

Simultaneous Presence in Market. In the original China investigation, the Commission found that subject imports from China and India were available simultaneously in the U.S. market.⁹¹ In the first reviews, the Commission observed that subject imports from China continued to have a presence in the U.S. market despite the presence of the orders, suggesting that simultaneous presence in the market would occur should the orders be revoked.⁹² In the second and third reviews, the Commission continued to find that subject imports were present in the U.S. market during the periods of review.⁹³ In these reviews, there were no imports of sulfanilic acid from China between 2011 and 2014 and subject imports from India were irregular, although there were small amounts of imports from both countries in 2015.⁹⁴

⁸¹ Third Review Opinion, USITC Pub. 4270 at 9.

⁸² CR at I-22, PR at I-15.

⁸³ Original China Determination, USITC Pub. 2542 at 16.

⁸⁴ Third Review Opinion, USITC Pub. 4270 at 9.

⁸⁵ CR at I-22, PR at I-15.

⁸⁶ Original China Determination, USITC Pub. 2542 at 16.

⁸⁷ First Review Opinion, USITC Pub. 3301 at 7.

⁸⁸ Second Review Opinion, USITC Pub. 3849 at 12.

⁸⁹ Third Review Opinion, USITC Pub. 4270 at 9.

⁹⁰ CR at I-22, PR at I-15.

⁹¹ Original China Determination, USITC Pub. 2542 at 16.

⁹² First Review Opinion, USITC Pub. 3301 at 7.

⁹³ Third Review Opinion, USITC Pub. 4270 at 9.

⁹⁴ CR at I-22, PR at I-15.

However, there is nothing in the record indicating that, upon revocation, the prior simultaneous presence in the market would not return.

Conclusion. The record of these expedited reviews contains very limited information concerning subject imports in the U.S. market during the period of review. The record contains no information suggesting a change in the considerations that led the Commission in the prior three reviews to conclude that there would be a likely reasonable overlap of competition between imports from China and India and between imports from each subject source and the domestic like product upon revocation. In light of this, and the absence of any contrary arguments, we find a likely reasonable overlap of competition among subject imports from China and India and between the domestic like product and subject imports from each source.

3. Likely Conditions of Competition

In the first reviews, the Commission considered the substantial capacity and export orientation of the industries in China and India and concluded that if the orders were revoked, subject imports would likely compete in the U.S. market under similar conditions of competition.⁹⁵ In the second reviews, the Commission found that the record did not indicate there were any significant changes in competition under which subject imports from China and India were likely to compete in the U.S. market if the orders were revoked.⁹⁶ In the third reviews, the Commission again found that there was no indication of significant differences in the likely conditions of competition in the U.S. market.⁹⁷

In determining whether to exercise our discretion to cumulate the subject imports, we assess whether subject imports from the subject countries would compete under similar or different conditions in the U.S. market if the orders under review were revoked. The record in these reviews does not indicate that there would likely be any significant difference in the conditions of competition among subject imports upon revocation. Accordingly, we exercise our discretion to cumulate subject imports from China and India.

IV. Revocation of the Antidumping and Countervailing Duty Orders 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

⁹⁵ First Review Opinion, USITC Pub. 3301 at 8.

⁹⁶ Second Review Opinion, USITC Pub. 3849 at 12-13.

⁹⁷ Third Review Opinion, USITC Pub. 4270 at 9.

to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”⁹⁸ 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.”⁹⁹ Thus, the likelihood standard is prospective in nature.¹⁰⁰ 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.¹⁰¹

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.”¹⁰² 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.”¹⁰³

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

⁹⁸ 19 U.S.C. § 1675a(a).

⁹⁹ 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.

¹⁰⁰ 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.

¹⁰¹ 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’”).

¹⁰² 19 U.S.C. § 1675a(a)(5).

¹⁰³ 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.*

investigation is terminated.”¹⁰⁴ 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 an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).¹⁰⁵ 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.¹⁰⁶

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.¹⁰⁷ 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.¹⁰⁸

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.¹⁰⁹

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing

¹⁰⁴ 19 U.S.C. § 1675a(a)(1).

¹⁰⁵ 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning subject imports. CR at I-14, PR at I-9.

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

¹⁰⁷ 19 U.S.C. § 1675a(a)(2).

¹⁰⁸ 19 U.S.C. § 1675a(a)(2)(A-D).

¹⁰⁹ 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.

development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.¹¹⁰ 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 orders under review and whether the industry is vulnerable to material injury upon revocation.¹¹¹

No respondent interested party participated in these expedited reviews. The record, therefore, contains limited new information with respect to the sulfanilic acid industries in China and India. There also is limited information on the sulfanilic acid market in the United States during the period of review. Accordingly, for our determinations, we rely as appropriate on the facts available from the original investigations and prior reviews, and the limited new information on the record in these reviews.

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.”¹¹² The following conditions of competition inform our determinations.

1. Demand Conditions

In the original China and India investigations, the Commission found that U.S. consumption of refined forms of sulfanilic acid was increasing at a faster rate than demand for technical grade sulfanilic acid. This was due in part to more stringent Food and Drug Administration limits on impurities in food dyes.¹¹³

In the first reviews, the Commission found that apparent U.S. consumption had increased steadily since the original investigations. The Commission observed that this increase occurred despite a lack of significant changes in end use or user demand for sulfanilic acid.¹¹⁴

In the second reviews, the Commission found that demand for sulfanilic acid was driven by demand for downstream products using sulfanilic acid, such as optical brighteners, specialty dyes, and specialty concrete, and that demand was fairly inelastic. It also found that apparent

¹¹⁰ 19 U.S.C. § 1675a(a)(4).

¹¹¹ 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.

¹¹² 19 U.S.C. § 1675a(a)(4).

¹¹³ Original China Determination, USITC Pub. 2542 at 8; Original India Determinations, USITC Pub. 2603 at 9-10.

¹¹⁴ First Review Opinion, USITC Pub. 3301 at 14.

U.S. consumption generally decreased over the period reviewed and demand forecasts were mixed.¹¹⁵

In the third reviews, the Commission found that demand for sulfanilic acid increased in 2007, but then decreased in 2009 and 2010.¹¹⁶ Overall demand was higher in 2010 than in 2004 due to an increase in the use of optical brighteners by paper manufacturers to increase brightness of their products.¹¹⁷ The demand decrease in 2009 and 2010 was attributed to the general economic downturn and increased imports of downstream products made from sulfanilic acid, specifically brighteners from China and Taiwan.

In these reviews, apparent U.S. consumption, which was *** pounds in 2010, was at a lower level, *** pounds, in 2015.¹¹⁸ NFC asserted in its response to the notice of institution that apparent U.S. consumption since the end of the third reviews has been constant or declining.¹¹⁹

2. Supply Conditions

In the original China investigation, the Commission found that the domestic industry had discontinued producing refined sulfanilic acid due to the environmental costs associated with producing it, and due to competition from low-priced imports of refined grade sulfanilic acid.¹²⁰ In the original India investigations, the Commission found that since the end of the China investigation, the domestic industry had begun to produce refined sulfanilic acid again, and that it had sold some of this product commercially.¹²¹

In the first reviews, the Commission found that NFC had expanded capacity and was able to produce the same range of products as the producers of the subject merchandise. The Commission also found there were substantial quantities of nonsubject imports in the U.S. market.¹²²

In the second reviews, the Commission observed that the domestic industry had increased its market share during the review period compared to the first review period. It found that subject and nonsubject imports' share of the U.S. market had declined.¹²³

In the third reviews, the Commission found that the conditions of competition in the second reviews generally continued to exist.¹²⁴ It observed that subject imports maintained a small presence in the U.S. market and that nonsubject imports also continued to be present in the U.S. market.¹²⁵

¹¹⁵ Second Review Opinion, USITC Pub. 3849 at 15.

¹¹⁶ Third Review Opinion, USITC Pub. 4270 at 13.

¹¹⁷ Third Review Opinion, USITC Pub. 4270 at 13.

¹¹⁸ CR/PR at Table I-5.

¹¹⁹ NFC Response at 10.

¹²⁰ Original China Determination, USITC Pub. 2542 at 8.

¹²¹ Original India Determinations, USITC Pub. 2603 at 9.

¹²² First Review Opinion, USITC Pub. 3301 at 10-11.

¹²³ Second Review Opinion, USITC Pub. 3849 at 16.

¹²⁴ Third Review Opinion, USITC Pub. 4270 at 13.

¹²⁵ Third Review Opinion, USITC Pub. 4270 at 13.

In these reviews, NFC remains the sole domestic producer of sulfanilic acid and is by far the largest supplier of the product to the U.S. market. Subject imports and nonsubject imports continue to supply the U.S. market in modest quantities. In 2015, the domestic industry held *** percent of the U.S. market, cumulated subject imports held *** percent, and nonsubject imports held *** percent.¹²⁶

3. Substitutability and Other Conditions

In the first reviews, the Commission found a reasonable degree of interchangeability between sodium sulfanilate and refined sulfanilic acid.¹²⁷

In the second reviews, the Commission found a relatively high degree of substitutability between domestically produced sulfanilic acid and subject imports from China and India.¹²⁸

In the third reviews, the Commission found that the conditions of competition in the second reviews generally continued to exist. The Commission found that the domestic like product and subject imports were generally substitutable and that price was an important factor in purchasing decisions.¹²⁹

In these reviews, the available information on the record contains nothing to indicate that the substitutability between domestically produced sulfanilic acid and subject imports has changed since the prior reviews. Nor does the record indicate that the importance of price has changed since the prior reviews. Accordingly, we again find that the domestic like product and subject imports are generally substitutable and that price is an important factor in purchasing decisions.

C. Likely Volume of Subject Imports

1. The Original Investigations and Prior Reviews

In the original China investigation, the Commission found that there had been a rapid increase in subject imports, whether subject imports from China were considered separately or cumulated with other subject imports.¹³⁰ The Commission found that “a small but significant percentage” of cumulated subject imports’ market penetration was at the expense of the domestic industry. The Commission found that Chinese producers had the ability to increase production capacity and shipments to the United States in a short period of time.¹³¹

In the original India investigations, two Commissioners found that subject imports from India had increased their U.S. market share, and that a continued increase would negatively

¹²⁶ CR/PR at Table I-5.

¹²⁷ First Review Opinion, USITC Pub. 3301 at 10-11.

¹²⁸ Second Review Opinion, USITC Pub. 3849 at 16.

¹²⁹ Third Review Opinion, USITC Pub. 4270 at 13.

¹³⁰ Original China Determination, USITC Pub. 2542 at 20-21 & n.88.

¹³¹ Original China Determination, USITC Pub. 2542 at 21.

affect the domestic industry's ability to resume production of refined sulfanilic acid.¹³² The Commissioners who cumulated subject imports from India and Hungary found that the rate of increase in subject imports had outpaced domestic production in terms of market penetration and that shipments of these imports in the U.S. market greatly outpaced domestic shipments.¹³³

In the first reviews, the Commission found that cumulated subject import volume would likely be significant if the orders were revoked. The Commission based this determination on the export orientation of the subject producers, the rapid increase in exports to the United States in the original investigations, and the apparent existence of substantial capacity in the subject countries.¹³⁴

In the second reviews, the Commission again determined that cumulated subject import volume would likely be significant if the orders were revoked. It observed that China and India were the largest suppliers of sulfanilic acid to the world (with the exception of the U.S. market). The Commission found that production and capacity in China and India, as well as exports from those countries, had substantially increased since the original investigations.¹³⁵ The sulfanilic acid industries in the subject countries were export oriented and, despite declines in apparent U.S. consumption during the review period, the U.S. market remained large and attractive, with prices for sulfanilic acid reportedly higher than in other markets. The Commission determined that these higher prices would be an incentive for Chinese and Indian producers either to increase their exports or begin to export sulfanilic acid to the United States in significant volumes.¹³⁶ Accordingly, the Commission found that cumulated subject imports would likely be significant in the reasonably foreseeable future if the antidumping and countervailing duty orders were revoked.¹³⁷

In the third reviews, the Commission found that the orders had a disciplining effect on the volume of subject imports.¹³⁸ Subject producers in China and India had a large amount of excess capacity and remained export oriented. The record indicated there were more than 30 plants in China and India that produced sulfanilic acid, with another 41 potential producers that were conservatively estimated to have an annual production capacity of 174.2 million pounds of sulfanilic acid, which was far greater than apparent U.S. consumption in 2010.¹³⁹ Moreover, much of the production equipment used to make dyes, pigments, and organic chemicals in both China and India could also be used to make sulfanilic acid. The Commission concluded that if the orders were revoked, subject producers in China and India could use their excess capacity to increase production and exports to the United States.¹⁴⁰ Cumulated subject imports

¹³² Original India Determinations, USITC Pub. 2603 at 23.

¹³³ Original India Determinations, USITC Pub. 2603 at 61-62.

¹³⁴ First Review Opinion, USITC Pub. 3301 at 12-13.

¹³⁵ Second Review Opinion, USITC Pub. 3849 at 19.

¹³⁶ Second Review Opinion, USITC Pub. 3849 at 20.

¹³⁷ Second Review Opinion, USITC Pub. 3849 at 21.

¹³⁸ Third Review Opinion, USITC Pub. 4270 at 15-16.

¹³⁹ Third Review Opinion, USITC Pub. 4270 at 15-16.

¹⁴⁰ Third Review Opinion, USITC Pub. 4270 at 15.

accounted for *** percent of the U.S. market in 2015, which was higher than in 2004 and 2010.¹⁴¹

2. The Current Reviews

We find that in the event of revocation, the volume of cumulated subject imports would likely increase to significant levels. The volume of cumulated subject imports increased sharply over the period of review, particularly in 2015, despite the orders. Cumulated subject imports were *** pounds in 2011, *** pounds in 2012, *** pounds in 2013, *** pounds in 2014, and *** pounds in 2015.¹⁴² The market share of these imports in 2015 was higher than it was in 2004 or 2010.¹⁴³ The record contains only limited data concerning the sulfanilic acid industries in China and India because no producer or exporter of subject imports participated in these reviews. However, information submitted by NFC indicates that estimated cumulative capacity for a number of subject producers is over 250 million pounds, which is far greater than apparent U.S. consumption for the entire period of review.¹⁴⁴ Furthermore, China and India are the two largest global exporters of sulfanilic acid, indicating that their sulfanilic acid industries are highly export oriented.¹⁴⁵

The United States also remains an attractive market for subject producers. Global demand for sulfanilic acid is concentrated in the United States, Europe, Mexico, Brazil, and Japan.¹⁴⁶ Subject producers have demonstrated an interest in the U.S. market and the ability to sharply increase exports to the United States, as evidenced by the sharp increase in volume of cumulated subject imports in 2015. Moreover, in 2002, the European Union imposed countervailing and antidumping duties on imports of sulfanilic acid from China and India, which remain in place.¹⁴⁷ These orders in third country markets provide additional incentive for subject producers to target the U.S. market should the orders be revoked.¹⁴⁸

Accordingly, based on the available information, we conclude that the volume of cumulated subject imports would likely be significant, both in absolute terms and relative to U.S. consumption, should the orders be revoked.

¹⁴¹ CR/PR at Table I-5.

¹⁴² CR/PR at Table I-3.

¹⁴³ CR/PR at Tables I-3-5.

¹⁴⁴ Compare CR/PR at Table I-5 with Tables I-6 and I-7.

¹⁴⁵ CR/PR at Table I-8.

¹⁴⁶ CR at I-27, PR at I-18.

¹⁴⁷ CR at I-27, PR at I-18.

¹⁴⁸ Because of the expedited nature of these reviews, the record does not contain information about inventories of the subject merchandise or subject producers' potential for product shifting.

D. Likely Price Effects of Subject Imports

1. The Original Investigations and Prior Reviews

In the original China investigation, the Commission found that the cumulated subject imports undersold the domestic like product, and that there was a probability that subject merchandise would have a depressing or suppressing effect on domestic prices in the future.¹⁴⁹ In the original India investigations, the Commission found evidence of underselling by subject imports from India.¹⁵⁰

In the first reviews, the Commission determined that revocation of the orders would likely lead to cumulated subject imports underselling the domestic like product, as they did before the orders were imposed. The Commission found that because the domestic industry produced the same range of sulfanilic acid products that would be imported from China and India, and because sulfanilic acid of a particular grade was reasonably substitutable regardless of its origin, the likely underselling would likely suppress or depress prices in the U.S. market to a significant degree.¹⁵¹

In the second reviews, the Commission again found that the U.S. market for sulfanilic acid was fairly price competitive, and that the domestic like product, subject imports, and nonsubject imports were substitutable. It found that subject imports from China significantly undersold the domestic like product during the period reviewed. The Commission concluded that the cumulated subject imports would need to be priced aggressively to gain market share if the orders were revoked, and that the likely volumes upon revocation would be likely to have significant depressing or suppressing effects on prices of the domestic like product.¹⁵² Consequently, the Commission found that there likely would be significant price effects if the orders were revoked.¹⁵³

In the third reviews, the Commission continued to find that sulfanilic acid competed on the basis of price, that subject imports and domestic product were substitutable, and that all grades of sulfanilic acid were produced in the United States, China, and India.¹⁵⁴ The Commission concluded that subject producers would most likely resume their pattern of underselling observed in the original investigations and prior reviews to increase their market share if the orders were revoked. Therefore, the Commission found that the likely significant increase in subject import volume at prices that would likely undersell the domestic like product would likely have significant price effects on the domestic industry.¹⁵⁵

¹⁴⁹ Original China Determination, USITC Pub. 2542 at 21-22.

¹⁵⁰ Original India Determinations, USITC Pub. 2603 at 22, 58-59, & 66.

¹⁵¹ First Review Opinion, USITC Pub. 3301 at 13.

¹⁵² Second Review Opinion, USITC Pub. 3849 at 22.

¹⁵³ Second Review Opinion, USITC Pub. 3849 at 22-23.

¹⁵⁴ Third Review Opinion, USITC Pub. 4270 at 17.

¹⁵⁵ Third Review Opinion, USITC Pub. 4270 at 17.

2. The Current Reviews

As discussed above, we continue to find that subject imports from China and India are substitutable with each other and with the domestic like product, and that price is an important factor in purchasing decisions. The record does not contain current pricing comparisons due to the expedited nature of these reviews. Based on the available information, we find that if the orders were revoked, significant volumes of cumulated subject imports would likely significantly undersell the domestic like product to gain market share, as they did in the original investigations. The presence of low-priced subject imports that would likely enter the U.S. market in the event of revocation would force the domestic industry to cut prices, forego price increases, or risk losing market share. In light of these considerations, we conclude that absent the restraining effect of the orders, cumulated subject imports would likely cause the domestic industry to lose market share and/or significantly depress or suppress prices for the domestic like product, thereby causing significant price effects.

E. Likely Impact of Subject Imports

1. The Original Investigations and Prior Reviews

In the original China determination, the Commission found that although there was an overall improvement in the condition of the domestic industry over the period of investigation, the industry was vulnerable to the effects of unfair imports.¹⁵⁶ The domestic industry's operating income was insufficient to meet the needs for capital improvements, its capital expenditures had declined significantly, and it was having difficulty financing its current obligations.¹⁵⁷ The Commission further found that the domestic industry's increases in production and shipments had not kept pace with the overall increase in consumption of sulfanilic acid, indicating that the domestic industry had been losing market share to imports.¹⁵⁸

In the original India determinations, the Commission observed that the economic indicators were virtually the same as those for the China investigation except that the Commission also had data through September 1992 (in the China investigation, the data ran to March 1992).¹⁵⁹ During January-September 1992, the domestic producer's production, capacity utilization, employment, and operating income were below interim 1991 levels.¹⁶⁰ Two Commissioners found that imports from India were focusing on the U.S. market and increasing market share, and concluded that if these trends continued, subject imports from India would have a negative effect on the domestic industry's ability to resume production of refined sulfanilic acid.¹⁶¹ The other two Commissioners made similar findings with respect to

¹⁵⁶ Original China Determination, USITC Pub. 2542 at 11-13.

¹⁵⁷ Original China Determination, USITC Pub. 2542 at 11-12.

¹⁵⁸ Original China Determination, USITC Pub. 2542 at 12.

¹⁵⁹ Original India Determinations, USITC Pub. 2603 at 10 n.28.

¹⁶⁰ Original India Determinations, USITC Pub. 2603 at 10-12.

¹⁶¹ Original India Determinations, USITC Pub. 2603 at 23.

cumulated subject imports from Hungary and India, stating that if refined grades of sulfanilic acid continued to enter the United States at unfair prices, it was likely that the domestic industry would be precluded from continuing to produce and sell its refined grade sulfanilic acid at prices that would be competitive with subject imports.¹⁶²

In the first reviews, the Commission found that the orders had had a positive effect on industry performance. The domestic industry increased its market share and was able to make investments that substantially increased its capacity and improved its technology, particularly with regard to refined sulfanilic acid. The Commission did not find that the domestic industry was in a vulnerable condition. It concluded that if the orders were revoked the likely significant volume and price effects of cumulated subject imports would likely have a significant impact on the production, shipment, sales, and revenue levels of the domestic industry, which would in turn negatively affect the domestic industry's profitability, as well as its ability to raise capital and make and maintain necessary capital investments.¹⁶³

In the second reviews, the Commission found that the domestic industry was not vulnerable due to increases in production and financial indicators over the period reviewed, including operating income, capacity, production, capacity utilization, wages, and productivity.¹⁶⁴ The Commission also determined, however, that the domestic industry's positive indicators could deteriorate relatively quickly if market conditions were to worsen given that demand was inelastic and the industry was mature with no expanding markets on the horizon.¹⁶⁵ Given the capital intensive nature of domestic sulfanilic acid production, which involves high fixed costs, the Commission found that the domestic industry would quickly experience decreases in trade and financial indicators due to the likely volumes of aggressively priced subject imports that would enter the U.S. market if the orders were revoked.¹⁶⁶

In the third reviews, the Commission found that there was insufficient information on the record to make a vulnerability determination. It also found that should the orders be revoked, the likely volume and price effects of subject imports would likely have an adverse impact on the domestic industry.¹⁶⁷ The Commission observed that the sulfanilic acid industry had high fixed costs and needed to operate at high capacity utilization rates to remain profitable. Therefore, significant declines in sales volumes would likely result in a rapid decline in profitability.¹⁶⁸

2. The Current Reviews

Because these are expedited reviews, we only have limited information with respect to the domestic industry's performance. The information on the record indicates that in 2015, the

¹⁶² Original India Determinations, USITC Pub. 2603 at 65-66.

¹⁶³ First Review Opinion, USITC Pub. 3301 at 15.

¹⁶⁴ Second Review Opinion, USITC Pub. 3849 at 24.

¹⁶⁵ Second Review Opinion, USITC Pub. 3849 at 25.

¹⁶⁶ Second Review Opinion, USITC Pub. 3849 at 26.

¹⁶⁷ Third Review Opinion, USITC Pub. 4270 at 19.

¹⁶⁸ Third Review Opinion, USITC Pub. 4270 at 19.

capacity of the domestic industry was *** pounds, its production was *** pounds, its shipments were *** pounds, and its capacity utilization was *** percent.¹⁶⁹ The domestic industry's net sales were \$*** in 2015, its operating income was \$***, and its ratio of operating income to net sales was *** percent.¹⁷⁰ 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 if the orders are revoked.

Based on the information available in these reviews, we find that revocation of the orders would likely lead to a significant increase in the volume of cumulated subject imports and that these imports would likely undersell and/or significantly depress or suppress prices for the domestic like product. We find that the increased subject import competition that would likely occur would likely have a significant impact on the domestic industry. The domestic industry would likely lose market share to subject imports and/or experience lower prices due to competition from subject imports, which would adversely impact its production, shipments, sales, and revenue. These reductions would likely have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.

We have also 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 as a share of the U.S. market in 2015 were lower, at *** percent, than in 2010, when they were *** percent.¹⁷¹ Nonsubject imports held less of the U.S. market in 2015 than cumulated subject imports. We find that the likely effects of nonsubject imports on the domestic industry are distinct from those of subject imports in the event of revocation.

V. Conclusion

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

¹⁶⁹ CR/PR at Table I-2. The domestic industry's 2015 capacity was comparable but its production, capacity utilization, and shipments were lower than the levels in the second and third reviews. *Id.*

¹⁷⁰ CR/PR at Table I-2. The domestic industry's 2015 operating income and operating ratio were lower than those reported in the second and third reviews. *Id.*

¹⁷¹ CR/PR at Table I-5.

INFORMATION OBTAINED IN THESE REVIEWS

BACKGROUND

On September 1, 2016, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),¹ that it had instituted reviews to determine whether revocation of the countervailing duty order on sulfanilic acid from India and the antidumping duty orders on sulfanilic acid from China and India would likely lead to the continuation or recurrence of material injury to a domestic industry.² All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.³ The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
September 1, 2016	Notice of initiation and institution by Commerce and Commission
December 5, 2016	Commission vote on adequacy
January 5, 2017	Commerce results of its expedited reviews of antidumping duty orders
January 6, 2017	Commerce results of its expedited reviews of countervailing duty order
April 17, 2017	Commission Determinations and Views

¹ 19 U.S.C. 1675(c).

² *Sulfanilic Acid from China and India; Institution of Five-Year Reviews*, 81 FR 60386, September 1, 2016. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of five-year reviews of the subject antidumping and countervailing duty orders concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 81 FR 60343, September 1, 2016. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website (www.usitc.gov).

³ As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in prior proceedings is presented in app. C.

RESPONSES TO THE COMMISSION'S NOTICE OF INSTITUTION

Individual responses

The Commission received two submissions in response to its notice of institution in the subject reviews. They were filed on behalf of the following entities:

1. Nation Ford Chemical Company (“NFC”), a domestic producer of sulfanilic acid (referred to herein as the “domestic interested party” or “NFC”).
2. Archroma U.S., Inc. (“Archroma”), an importer of sulfanilic acid from China (referred to herein as the “respondent interested party” or “Archroma”).⁴

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy and explain any deficiencies in their responses. A summary of the number of responses and estimates of coverage for each is shown in table I-1.

Table I-1
Sulfanilic acid: Summary of responses to the Commission’s notice of institution

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	100.0% ¹
Respondent (China):		
U.S. importer	1	***% ²

¹ The coverage figure is the estimated share of total U.S. production of sulfanilic acid in 2015 accounted for by the responding firm (NFC). NFC claims to be the only domestic producer of sulfanilic acid.

² The coverage figure is the estimated share of the quantity of total U.S. imports of sulfanilic acid from China in 2015 accounted for by the responding firm (Archroma). The coverage figure presented, as provided by the respondent interested party in its response to the notice of institution, represents the firm’s share of total U.S. imports of sulfanilic acid from China during 2015. The estimate was calculated as the quantity of reported imports (** pounds in 2015) divided by the quantity of total U.S. imports from China reported for 2015 in Commerce’s official import statistics (252,149 pounds in 2015).

Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The submission was filed on behalf of the domestic interested party, NFC.

⁴ On November 18, 2016, Archroma withdrew its position and statements that advocated for lifting of the orders. Archroma did not provide details on the decision to withdraw or change positions. *Archroma’s Withdrawal of Any Opposition to Continuation of Orders*, (EDIS Doc. No. 595364), November 18, 2016.

In its comments, NFC requests that the Commission conduct expedited reviews based on the adequate response to the notice of institution on behalf of the domestic industry and the inadequate response of the respondent interested parties.⁵ NFC argues that the respondent interested parties' responses for China and India as a whole are inadequate (no Chinese or Indian producer responded), and NFC suggests that this is evidence that there is not "a sufficient willingness to participate in a review and to submit requested information."⁶ NFC also argues that although a substantive response was provided by Archroma, its response cannot alone be the basis for conducting full reviews because none of the other U.S. importers identified in the Commission's original investigations and prior reviews provided responses to the notice of institution.⁷ NFC contends that since there are no other factors present in these reviews that would warrant conducting full reviews, the Commission should conduct expedited reviews of the antidumping and countervailing duty orders on sulfanilic acid from China and India.⁸

As previously indicated, on November 18, 2016, Archroma withdrew its position and statements that advocated for lifting of the orders. Archroma did not provide details on the decision to withdraw or change positions.

RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission's last five-year reviews, the following developments have occurred in the sulfanilic acid industry.

- The main applications for sulfanilic acid remain the same. They are raw materials to produce optical brightening agents ("OBAs") for paper, food colors, concrete additives, and specialty dyes.⁹
- Demand for sulfanilic acid continues to be concentrated in the United States, Europe, Mexico, Brazil, and Japan. There is continued growth in demand in China, Taiwan, and India for brightener production.¹⁰
- One of the largest OBA producers, the BASF Corporation, ceased all U.S. production by the end of 2012. The BASF plant that produced OBAs was located in McIntosh, Alabama.^{11 12}
- Archroma, a U.S. importer and respondent interested party in these reviews, began its operations in October 2013. It uses sulfanilic acid as a raw material to produce OBAs.

⁵ *NFC's Comments on Adequacy*, November 15, 2016, pp. 2-3.

⁶ *NFC's Comments on Adequacy*, November 15, 2016, p. 6.

⁷ *NFC's Comments on Adequacy*, November 15, 2016, pp. 3-4.

⁸ *NFC's Comments on Adequacy*, November 15, 2016, p. 5.

⁹ *NFC's Response to Commission's Notice of Institution*, October 3, 2016, p. 19.

¹⁰ *NFC's Response to Commission's Notice of Institution*, October 3, 2016, p. 19.

¹¹ *NFC's Response to Commission's Notice of Institution*, October 3, 2016 p. 20.

¹² "BASF to close brightening line," Mike Kittrell, *AL.com*, August 7, 2012.

Archroma is working together with NFC on projects to benefit both companies. It purchases liquid form sulfanilic acid from NFC, and in 2015 it imported the powder form from China.¹³

- Natural gas pricing is down (according to the Nasdaq U.S. national average natural gas price, from over \$4.00 in November 2011 to \$2.83 in November 2016) and oil demand has decreased.¹⁴ Benzene prices have decreased. Benzene is the raw material for aniline, which is the raw material for sulfanilic acid. Aniline pricing generally follows the pricing of sulfanilic acid.¹⁵

THE PRODUCT

Commerce's scope

Commerce has defined the subject merchandise as:

Imports covered by the AD and CVD orders are all grades of sulfanilic acid, which include technical (or crude) sulfanilic acid, refined (or purified) sulfanilic acid and sodium salt of sulfanilic acid. Sulfanilic acid is a synthetic organic chemical produced from the direct sulfonation of aniline with sulfuric acid. Sulfanilic acid is used as a raw material in the production of optical brighteners, food colors, specialty dyes, and concrete additives. The principal differences between the grades are the undesirable quantities of residual aniline and alkali insoluble materials present in the sulfanilic acid. All grades are available as dry, free flowing powders. Technical sulfanilic acid, classifiable under the subheading 2921.42.22 of the Harmonized Tariff Schedule ("HTS"), contains 96 percent minimum sulfanilic acid, 1.0 percent maximum aniline, and 1.0 percent maximum alkali insoluble materials. Refined sulfanilic acid, also classifiable under the subheading 2921.42.22 of the HTS, contains 98 percent minimum sulfanilic acid, 0.5 percent maximum aniline and 0.25 percent maximum alkali insoluble materials. Sodium salt (sodium sulfanilate), classifiable under the HTS subheading 2921.42.90, is a powder, granular or crystalline material which contains 75 percent minimum equivalent sulfanilic acid, 0.5 percent maximum aniline based on the equivalent sulfanilic acid content, and 0.25 percent maximum alkali insoluble materials based on the equivalent sulfanilic acid content.¹⁶

¹³ Archroma's Response to Commission's Notice of Institution, October 3, 2016, pp. 3-4.

¹⁴ Either fuel oil or natural gas may be used for steam production process involved in the manufacture of sulfanilic acid. *Sulfanilic Acid From China and India, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Second Review)*, USITC Publication 3849, April 2006, p. V-1.

¹⁵ NFC's Response to Commission's Notice of Institution, October 3, 2016, p. 20.

¹⁶ *Final Results of Third Expedited Sunset Reviews of Antidumping Duty Orders: Sulfanilic Acid From India and the People's Republic of China*, 76 FR 45510, July 29, 2011.

The HTS subheading is provided for convenience and for Customs purposes, but Commerce's written description of the merchandise is dispositive as to the scope of the product coverage.

Description and uses

Sulfanilic acid (not including sodium sulfanilate) is produced in two grades, namely, technical (or crude) sulfanilic acid and refined (or pure) sulfanilic acid. Technical grade sulfanilic acid is 96 percent pure and refined sulfanilic acid is 98 percent pure. In contrast, sodium sulfanilate (the monosodium salt of sulfanilic acid) is produced and sold only as one grade. Sodium sulfanilate, which is 99 percent pure, contains 75 percent minimum equivalent sulfanilic acid.¹⁷ In solid form, the technical and refined grades of sulfanilic acid and sodium sulfanilate are all gray-white to white crystalline powders.¹⁸ All grades of sulfanilic acid were subject to the original investigations and subsequent reviews. The term "sulfanilic acid" as used in this report refers to all grades, including technical and reformed sulfanilic acid and sodium sulfanilate.

Sulfanilic acid is used to produce optical brightening agents, food colorants and other synthetic organic dyes, and certain concrete additives. The form of sulfanilic acid used by the end user, however, depends on both the product being produced and the production process. In most cases, optical brighteners and food colors are produced with pure product (either refined sulfanilic acid or sodium sulfanilate). Optical brighteners, particularly paper brighteners, constitute the largest single end use for refined sulfanilic acid and sodium sulfanilate.¹⁹ Technical grade sulfanilic acid is used principally as a raw material for refined sulfanilic acid and sodium sulfanilate, as well as in the production of certain specialty synthetic organic dyes and special concretes.²⁰

¹⁷ Refined and technical sulfanilic acid are assigned CAS registry number 121-57-3, while sodium sulfanilate is assigned CAS number 515-74-2. CAS registry numbers are unique numerical identifiers assigned by the Chemical Abstracts Service, a division of the American Chemical Society, to chemical compounds, polymers, biological sequences, mixtures, and alloys described in its literature.

¹⁸ Technical and refined acids are always sold as solids; although some sodium sulfanilate is shipped in the solid form, much of it is shipped by the domestic producer to its customers as a 30 percent salt solution.

¹⁹ Optical brighteners (also known as fluorescent brightening or whitening agents) are a class of synthetic organic chemical dyes that absorb ultraviolet light and also violet light (within the visible spectrum) and re-emit that light as visible light in the blue region of the spectrum. This effect allows materials treated with optical brighteners to emit more light in the visible spectrum than is present in the general environment, and therefore appear to be brighter. The additional blue light emitted masks the natural yellows in fabrics or papers that would otherwise cause the materials to appear somewhat dingy. This masking also contributes to an increased brightness for the material, enhancing the other existing colors. In addition to their applications in papers and textiles, optical brighteners may be used in plastics and paints, and as detergent additives.

²⁰ Crude or technical grade sulfanilic acid is used to produce a chemical which, when added to specialty concretes, reduces the amount of water required. This lighter material is used in the

(continued...)

Manufacturing process²¹

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

Sulfanilic acid is made by reacting two basic chemicals, aniline with sulfuric acid. Aniline and sulfuric acid are mixed in a closed reactor to form an intermediate product, aniline hydrogen sulfate. The intermediate product is then heated or "baked" to form crude or technical grade sulfanilic acid, which the domestic producer either sells or uses to produce sodium sulfanilate or refined acid.

NFC produces sodium sulfanilate by the addition of sodium hydroxide to a water solution of the technical grade acid. It produces refined sulfanilic acid by dissolving the technical grade acid in hot water and then recrystallizing, filtering, and drying. Process improvements in domestic facilities, such as a new refined acid operation in the mid-1990s and the purchase and relocation of a previously used continuous reactor system to produce technical acid in the late 1990's, have proven to be very efficient and cost effective for NFC.

NFC produces and sells technical grade sulfanilic acid, refined sulfanilic acid, and sodium sulfanilate in both powder and solution form.

U.S. tariff treatment

The subject product is currently classified under the Harmonized Tariff schedule of the United States ("HTS") subheadings 2921.42.22 and 2921.42.90. Technical sulfanilic acid and refined sulfanilic acid are classified under subheading 2921.42.22, and sodium salt (sodium sulfanilate) is classified under subheading 2921.42.90. Goods entering the United States under subheadings HTS subheadings 2921.42.22 and 2921.42.90 are currently dutiable at a column 1 general rate of 6.5 percent *ad valorem*, applicable to both China and India. Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border protection.

(...continued)

construction of high-rise structures. Although the refined sulfanilic acid could be used in this application, cost factors favor use of the technical grade.

²¹ The discussion in this section is from the following Commission reports: *Sulfanilic Acid from China and India*, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Second Review), USITC Publication 3849, April 2006, p. I-17; *Sulfanilic Acid from Hungary and Portugal*, Inv. Nos. 701-TA-426 and 731-TA-984 and 985 (Final), USITC Publication 3554, November 2002, p. I-4; *Sulfanilic Acid from China and India*, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Review), USITC Publication 3301, May 2000, pp. I-6 through I-9.

The definition of the domestic like product and domestic industry

During the original investigations, the expedited first five-year reviews, the full second five-year reviews, and the expedited third five-year reviews, the Commission found the appropriate domestic like product to be all sulfanilic acid, regardless of form or grade, and it defined the domestic industry as all domestic producers of sulfanilic acid. In response to the notice of institution, the domestic interested party indicated that it supports (the respondent interested party did not object or contest) the Commission's definitions of the domestic like product and domestic industry.^{22 23}

THE ORIGINAL INVESTIGATIONS AND SUBSEQUENT REVIEWS

The original investigations

The original investigation concerning China resulted from a petition filed by R-M Industries, Inc. ("R-M") on October 3, 1991; those concerning India resulted from petitions filed by R-M on May 8, 1992.²⁴ On July 6, 1992, Commerce made a final affirmative determination of sales at less than fair value ("LTFV") with respect to sulfanilic acid from China.²⁵ On January 8, 1993, Commerce made a final affirmative countervailing duty determination and a final affirmative determination of sales at LTFV with respect to sulfanilic acid from India.²⁶ The Commission completed its original investigation concerning China in August 1992, determining that an industry in the United States was threatened with material injury by reason of imports of sulfanilic acid from China that Commerce determined to be sold at LTFV.²⁷ After receipt of the Commission's determinations, Commerce issued a countervailing duty order on imports of sulfanilic acid from India and antidumping duty orders on imports of sulfanilic acid from China and India.²⁸ Commerce's final weighted-average antidumping margins for China ranged from 19.14 to 85.20 percent ad valorem, while Commerce's final weighted-average dumping margin

²² *NFC's Response to Commission's Notice of Institution*, p. 21.

²³ *Archroma's Response to Commission's Notice of Institution*, p. 6.

²⁴ The petitions filed in 1992 also alleged injury by reason of imports of sulfanilic acid from Hungary that were allegedly sold at LTFV, but the Commission made a negative final determination with respect to imports from Hungary.

²⁵ *Final Determination of Sales at Less Than Fair Value: Sulfanilic Acid from the People's Republic of China*, 57 FR 29705, July 6, 1992.

²⁶ *Final Determination of Sales at Less Than Fair Value: Sulfanilic Acid from India*, 58 FR 3251 and 3259, January 8, 1993.

²⁷ The Commission further determined that it would not have found material injury but for the suspension of liquidation of entries of the merchandise under investigation.

²⁸ *Antidumping Duty Order: Sulfanilic Acid from the People's Republic of China*, 57 FR 37524, August 19, 1992; and *Notice of Antidumping Duty Order: Sulfanilic Acid from India*, 58 FR 12025 and 12026, March 2, 1993.

for India was 71.09 percent ad valorem. Commerce's final countervailing duty margin for India was 43.71 percent ad valorem.²⁹

The first five-year reviews

In May 2000, the Commission completed its expedited first five-year reviews of the subject orders and determined that revocation of the orders on sulfanilic acid from China and India would likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Subsequently, Commerce issued a continuation of the subject antidumping and countervailing duty orders.³⁰

The second five-year reviews

In April 2006, the Commission completed its full second five-year reviews of the subject orders and determined that revocation of the orders on sulfanilic acid from China and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Subsequently, Commerce issued a continuation of the subject antidumping and countervailing duty orders.³¹

The third five-year reviews

In October 2011, the Commission completed its expedited third five-year reviews of the subject orders and determined that revocation of the orders on sulfanilic acid from China and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. On October 25, 2011, Commerce published its notice of continuation of antidumping and countervailing duty orders.³²

²⁹ In its final determinations, Commerce published a weighted-average dumping margin for all manufacturers/exporters in India of 114.8 percent. However, it explained that, consistent with section 772(d)(1)(D) of the Act, which prohibited assessing antidumping duties on the portion of the margin attributable to an export subsidy, Commerce established, for duty deposit purposes, an estimated antidumping duty deposit rate of 71.09 percent.

³⁰ *Continuation of Antidumping Duty Orders: Sulfanilic Acid From People's Republic of China and India; and Continuation of Countervailing Duty Order: Sulfanilic Acid From India*, 65 FR 36404, June 8, 2000.

³¹ *Continuation of Antidumping and Countervailing Duty Orders: Sulfanilic Acid from the People's Republic of China and India*, 71 FR 27449, May 11, 2006.

³² *Sulfanilic Acid From the People's Republic of China and India: Continuation of Antidumping and Countervailing Duty Orders*, 76 FR 66039, October 25, 2011.

PRIOR RELATED INVESTIGATIONS

The petitions filed by R-M Industries in 1992 concerning the subject reviews of the antidumping and countervailing duty orders on sulfanilic acid from India also alleged injury by reason of imports of sulfanilic acid from Hungary that were allegedly sold at LTFV. However, in February 1993, the Commission determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of imports from Hungary of sulfanilic acid that was found by Commerce to be sold in the United States at LTFV.³³

On September 28, 2001, NFC filed petitions alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized and LTFV imports of sulfanilic acid from Hungary and LTFV imports of such products from Portugal. In November 2001, the Commission made final affirmative determinations with respect to imports from Hungary of sulfanilic acid that were found by Commerce to have been subsidized by the Government of Hungary and with respect to imports of sulfanilic acid from Hungary and Portugal that were found by Commerce to have been sold in the United States at LTFV.³⁴ Commerce issued its notice of antidumping and countervailing duty orders on November 8, 2002.³⁵ On October 1, 2007, the Commission instituted the first five-year reviews of the antidumping and countervailing duty orders on sulfanilic acid from Hungary and Portugal.³⁶ On February 8, 2008, Commerce published notice that effective November 8, 2007, it was revoking the antidumping and countervailing duty orders on sulfanilic acid from Hungary and Portugal because the domestic interested party had withdrawn its participation and substantive responses in the reviews.³⁷ Subsequently, the Commission published notice that effective November 8, 2007, it was terminating its first five-year reviews of sulfanilic acid from Hungary and Portugal.³⁸

ACTIONS AT COMMERCE

Commerce has not made any duty absorption findings or anti-circumvention determinations, and has not conducted any changed circumstances reviews since the subject orders were imposed.

³³ *Sulfanilic Acid from the Republic of Hungary and India: Inv. Nos. 701-TA-318 and 731-TA-560 and 561 (Final)*, USITC Publication 2603, February 1993, p. 3.

³⁴ *Sulfanilic Acid from Hungary and Portugal: Inv. Nos. 701-TA-426 and 731-TA-984 and 985 (Final)*, USITC Publication 3554, November 2002, p. 1.

³⁵ *Notice of Antidumping Duty Orders: Sulfanilic Acid From Hungary and Portugal*, 67 FR 68100, November 8, 2002; *Notice of Countervailing Duty Order: Sulfanilic Acid from Hungary*, 67 FR 68101, November 8, 2002.

³⁶ *Sulfanilic Acid From Hungary and Portugal*, 72 FR 55806, October 1, 2007.

³⁷ *Sulfanilic Acid From Hungary and Portugal: Final Results of Sunset Reviews and Revocation of Orders*, 73 FR 7527, February 8, 2008.

³⁸ *Sulfanilic Acid From Hungary and Portugal*, 73 FR 10064, February 25, 2008.

Administrative reviews

Commerce has conducted eight administrative reviews of the antidumping duty order on sulfanilic acid from China. No administrative or new shipper reviews have been conducted by Commerce with respect to imports of sulfanilic acid from India. The orders remain in effect for all manufacturers and exporters of sulfanilic acid from China and India.

Scope rulings

There was one scope ruling made since the orders were imposed. In response to a request from 3V Corporation, on May 5, 1999, Commerce determined that sodium sulfanilate processed in Italy from sulfanilic acid produced in India is within the scope of the order.³⁹

Current five-year reviews

Commerce is conducting expedited reviews with respect to sulfanilic acid from China and India and intends to issue the final results of these reviews based on the facts available not later than December 30, 2016.⁴⁰

THE INDUSTRY IN THE UNITED STATES

U.S. producers

During the original investigations, there were two firms producing sulfanilic acid in the United States: petitioner R-M and Hilton Davis Co. ("Hilton Davis"). Hilton Davis, ***, ceased production in **. R-M accounted for ** percent of the sulfanilic acid manufactured during 1991 and Hilton Davis accounted for the remaining ** percent. Since Hilton Davis ceased production, NFC (formerly known as R-M) has been the sole producer of sulfanilic acid in the United States.

NFC is a privately owned corporation located in Fort Mill, South Carolina. The company was founded in 1977 and began its first production of sulfanilic acid in 1984 with its acquisition of American Cyanamid's production equipment. In September 1998, NFC acquired the technical grade sulfanilic acid business of Zeneca Ltd., a U.K. firm that made technical acid in France. That plant was moved from France to the United States and commenced production in March 1999. The new plant, using a continuous reactor, became fully operational in 2000.⁴¹

³⁹ *Sulfanilic Acid From India and the People's Republic of China: Notice of Scope Rulings*, 65 FR 41597, July 7, 2000.

⁴⁰ Melissa Skinner, letter to Michael G. Anderson, October 21, 2016.

⁴¹ ***, .

Definition of the domestic industry and related party issues

In the original investigations and the subsequent three reviews, the Commission defined the domestic industry to consist of NFC (or its predecessor), the sole domestic producer of sulfanilic acid.⁴² NFC noted in its response in these fourth reviews that it is the only currently operating U.S. producer of sulfanilic acid and that it agrees with the Commission's definition of the domestic industry. NFC indicated that there are no known related parties and that it is not a U.S. importer of the subject merchandise, nor is it related to one.⁴³

U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution of the current five-year reviews.⁴⁴ Table I-2 presents a compilation of the data submitted from the sole U.S. producer (NFC), as well as the trade and financial data submitted by U.S. producers in the original investigations and subsequent three five-year reviews.

Table I-2
Sulfanilic acid: Trade and financial data submitted by domestic industry, 1991, 1998, 2004, 2010, and 2015

* * * * *

U.S. IMPORTS AND APPARENT CONSUMPTION

U.S. importers and U.S. imports

During the original investigations, the Commission identified eight U.S. importers that imported the subject product from China, and eight U.S. importers that imported the subject product from India. During the expedited first five-year reviews, the domestic interested party identified two U.S. importers of subject product from China, and was not aware of any importers of subject product from India. During the full second five-year reviews, the Commission sent questionnaires to 13 firms believed to have imported sulfanilic acid, and received usable data from six firms (including the largest domestic producer). During the expedited third five-year reviews, the domestic interested party identified four firms that were believed to have been importing the subject product from China and two firms that were believed to have been importing the subject product from India.

⁴² *Sulfanilic Acid from China and India: Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Third Review)*, USITC Publication 4270, October 2011, pp. 5-6.

⁴³ *NFC's Response to Commission's Notice of Institution*, October 3, 2016, p. 16.

⁴⁴ Individual company trade and financial data are presented in app. B.

In its response to the Commission’s notice of institution in these fourth five-year reviews, NFC identified one known and currently operating U.S. importer of sulfanilic acid from China (Archroma) and noted that it is not aware of any currently operating U.S. importers of Indian subject merchandise.⁴⁵ Archroma indicated in its response that it accounts for *** percent of the imports from China.⁴⁶ Data regarding U.S. imports of sulfanilic acid, as reported by Commerce, are presented in table I-3. NFC noted that the most recent substantial change in the U.S. sulfanilic market has been the increased quantity of imports from China in 2015. Imports from China, which were zero from 2010 to 2014, increased to more than 250,000 pounds in 2015.

Table I-3
Sulfanilic acid: U.S. imports, 2011-15

Item	2011	2012	2013	2014	2015
Quantity (pounds)					
China	---	---	---	---	252,149
India	165	---	882	2,845	992
Subtotal	165	---	882	2,845	253,141
All other imports	---	441	1,647	1,794	46,410
Total imports	165	441	2,529	4,639	299,551
Value (dollars)					
China	---	---	---	---	160,334
India	3,068	---	2,585	9,453	4,176
Subtotal	3,068	---	2,585	9,453	164,510
All other imports	---	20,276	38,267	35,147	96,791
Total imports	3,068	20,276	40,852	44,600	261,301
Unit value (dollars per pound)					
China	---	---	---	---	0.64
India	18.56	---	2.93	3.32	4.21
Subtotal	18.56	---	2.93	3.32	0.65
Other sources	---	45.99	23.24	19.56	2.09
Average	18.56	45.99	16.16	9.62	0.87

Note.--Because of rounding, figures may not add to totals shown. Unit values calculated from unrounded figures.

Source: Official statistics of Commerce for HTS statistical reporting number 2921.42.2200. Accessed on November 15, 2016.

⁴⁵ *NFC’s Response to Commission’s Notice of Institution*, October 3, 2016, p. 16.

⁴⁶ *Archroma’s Response to Commission’s Notice of Institution*, October 3, 2016, p. 8.

Apparent U.S. consumption and market shares

Table I-4 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-5 presents data on U.S. market shares of U.S. apparent consumption.

Table I-4
Sulfanilic acid: U.S. producers' U.S. shipments, U.S. imports, and apparent consumption, 1991, 1998, 2004, 2010, and 2015

Item	1991	1998	2004	2010	2015
Quantity (1,000 pounds)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from—					
China	2,881	1,048	239	---	252
India	***	--	--	(1)	1
Subtotal	***	1,048	239	(1)	253
All other	***	1,972	843	1,733	46
Total imports	***	3,020	1,082	1,733	300
Apparent U.S. consumption	7,906	***	***	***	***
Value (1,000 dollars)					
U.S. producers' U.S. shipments	***	***	***	***	***
U.S. imports from—					
China	2,355	(2)	111	(2)	160
India	***	(2)	---	(2)	4
Subtotal	***	(2)	111	(2)	165
All other	***	(2)	611	(2)	97
Total imports	***	(2)	722	(2)	261
Apparent U.S. consumption	7,829	(2)	***	(2)	***

¹ Less than 500 pounds.

² Data are not available.

Source: For the years 1991 and 1998, data are compiled using data submitted in the Commission's original investigations and first five-year reviews, and includes data from two producers who accounted for over 90 percent of production in 1991 and essentially all production in 1998. For the years 2004 and 2010, data are compiled using data submitted in the Commission's second and third five-year reviews, and includes data of the sole domestic producer, NFC. For the year 2015, data are compiled using data submitted by domestic interested party (NFC). U.S. imports for 2015 are compiled using official Commerce statistics under HTS subheading 2921.42.2200. *NFC's Response to the Commission's Notice of Institution*, October 3, 2016, pp.18-19. *Archroma's Response to the Commission's Notice of Institution*, October 3, 2016, p.6.

Table I-5
Sulfanilic acid: Apparent U.S. consumption and market shares, 1991, 1998, 2004, 2010, and 2015

Item	1991	1998	2004	2010	2015
Quantity (1,000 pounds)					
Apparent U.S. consumption	7,906	***	***	***	***
Value (1,000 dollars)					
Apparent U.S. consumption	7,829	(1)	***	(1)	***
Share of consumption based on quantity (percent)					
U.S. producers' share	***	***	***	***	***
U.S. imports from--	***	***	***	***	***
China	36.4	***	***	***	***
India	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***
Share of consumption based on value (percent)					
U.S. producers' share	***	(1)	***	(1)	***
U.S. imports from--					
China	30.1	(1)	***	(1)	***
India	***	(1)	***	(1)	***
Subtotal	***	(1)	***	(1)	***
All other sources	***	(1)	***	(1)	***
Imports	***	(1)	***	(1)	***

¹ Data are not available.

² Less than 0.05 percent.

Source: For the years 1991 and 1998, data are compiled using data submitted in the Commission's original investigations and first five-year reviews, and includes data from two producers who accounted for over 90 percent of production in 1991 and essentially all production in 1998. For the years 2004 and 2010, data are compiled using data submitted in the Commission's second and third five-year reviews, and includes data of the sole domestic producer, NFC. For the year 2015, data are compiled using data submitted by domestic interested party (NFC). U.S. imports for 2015 are compiled using official Commerce statistics under HTS subheading 2921.42.2200.

CUMULATION CONSIDERATIONS

In assessing whether imports should be cumulated, the Commission determines whether U.S. imports from the subject countries are likely to compete with each other and with

the domestic like product and has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. Additional information concerning geographical markets and simultaneous presence in the market is presented below.⁴⁷

During 2011-14, there were no imports of sulfanilic acid from China. Imports from China were reported during seven months in 2015. Imports from India were present in one month in 2011, zero months in 2012, one month in 2013, two months in 2014, and one month in 2015. Imports from China in 2015 were predominantly through the port of Charleston, South Carolina, whereas imports from India were mostly through the port of Chicago, Illinois and New York, New York.

THE INDUSTRY IN CHINA

During the original investigations, Chinese exporter, China National Chemical Import & Export Corp., Hebei Branch ("Sinochem Hebei") provided information to the Commission on the sulfanilic acid manufacturing operations of the following *** Chinese plants: ***. Sinochem Hebei accounted for approximately *** percent of total Chinese exports of sulfanilic acid at the time of the original investigations. During its first five-year reviews of the orders, the Commission reported that there were minimal data available for the Chinese sulfanilic acid industry but noted that the number of Chinese subject manufacturers appeared to have increased since 1992. In its response to the Commission's notice of institution in the expedited first five-year reviews, NFC identified 9 producers of sulfanilic acid in China and in its response in the full second five-year reviews, NFC listed approximately 20 producers of sulfanilic acid in China. Only one firm in China responded to the Commission's request for information in the full second five-year reviews; *** responded that it had not produced or exported sulfanilic acid at any time since January 1, 1999. Thirteen Chinese producers of sulfanilic acid that received the Commission's foreign producer questionnaire in the full second five-year reviews did not respond to the Commission's request for information. The U.S. embassy in Beijing confirmed during the Commission's full second five-year reviews that there were approximately 20 producers of sulfanilic acid in China, most of whom were located in Hebei province.

In its response to the Commission's notice of institution in the third five-year reviews, NFC provided a listing from *The Directory of World Chemical Producers* (operating online as *Chemical Information Services*) that identified 14 Chinese producers of sulfanilic acid that had been exporters of the subject merchandise at that time. NFC also provided an additional listing of approximately 32 other Chinese plants that may have possibly produced or exported sulfanilic acid. NFC estimated the production capacity of the following 11 Chinese producers of sulfanilic acid as 144.4 million pounds in 2010: Baoding Shunta Xianjin

⁴⁷ In addition, available information concerning subject country producers and the global market is presented in the next section of this report.

Chemical; Hebei Honggang; Hebei Wuji Qunhao; Shijiazhuang Zhenxing; Hebei Wuji Hongsheng; Baoding Mancheng; Tianjin Shi; Shijiazhuang Linxin; Wuji Sitong; Zhejiang Wulong; and Qingdao Tianshi. NFC reported that much of the production equipment in China that is used to make dyes, pigments, and organic chemicals can also be used to make sulfanilic acid.⁴⁸

In its response to the Commission's notice of institution in these fourth five-year reviews, NFC listed 35 producers and exporters in China, and it provided the capacities of certain Chinese producers/exporters, which totals 216.71 million pounds per year.⁴⁹ Table I-6 shows certain companies in China and their capacities, as provided by NFC in its response.

Table I-6
Sulfanilic acid: Annual capacity to produce sulfanilic acid in China, by firm

Producer/exporter	Annual capacity (1,000 pounds)
Baoding Shunta Xianjin Chemical Co., Ltd.	66,139
Hebei Honggang Chemical Co., Ltd.	79,366
Hebei Wuji Qunhao Fine Chemical Co., Ltd.	13,228
Shijiazhuang Zhenxing Chemical Factory	11,023
Hebei Wuji Hongsheng Chemical Co., Ltd.	8,818
Baoding Mancheng Rongtai	5,512
Tianjin Shi Yueguo Chemical Co., Ltd.	2,205
Shijiazhuang Linxin Chemical Co., Ltd.	2,205
Wuji Sitong Chemical	2,205
Zhejiang Wulong Chemical Industrial Stock, Co., Ltd.	7,937
Qingdao Tianshi	2,205
Cangzhou Lingang Yueguo Chemical Co., Ltd.	7,937
Cangzhou Dongguang Qihan Chemical	2,646
Jinzhou Tianyu Science and Technology Co., Ltd.	5,291
Total	216,714

Source: *NFC's Response to Commission's Notice of Institution*, October 3, 2016, app. 6.

THE INDUSTRY IN INDIA

During the original investigations concerning India, the Commission identified three producers of refined sulfanilic acid in India (Jeevan Products, Kokan, and Perfect Pharmacists). ***. The U.S. consulate in Bombay also obtained the names of five additional firms that produced technical grade sulfanilic acid in India; their product reportedly was not

⁴⁸ *Sulfanilic Acid From China and India, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Third Review)*, USITC Publication 4270, October 2011, pp. I-14 through I-15.

⁴⁹ *NFC's Response to Commission's Notice of Institution*, apps. 2, 3, and 6.

exported. In the expedited first five-year reviews, the Commission found that there was minimal public information on the sulfanilic acid industry in India but noted that NFC listed 26 Indian manufacturers of the product in its response to the Commission's notice of institution. In the full second five-year reviews, NFC listed approximately 30 producers and/or exporters in India in its response to the Commission's notice of institution. Only one firm in India responded to the Commission's request for information in the full second five-year reviews; *** responded by e-mail, "Please note we do not make this item anymore, hence we feel that there is no point in our submitting the questionnaire." The largest producer, ***, of sulfanilic acid in India did not provide a response to the Commission's questionnaire in that proceeding.

In the Commission's expedited third five-year reviews, NFC provided a listing from *The Directory of World Chemical Producers* (operating online as *Chemical Information Services*) that identified 16 Indian producers and/or exporters of sulfanilic acid at the time. NFC also provided a listing of nine other companies in India that may have possibly produced or exported sulfanilic acid. NFC estimated the production capacity of the following 13 Indian producers of sulfanilic acid as 29.8 million pounds: Kokan, Kabasha, Alginates, Vito, Metrochem, GDI Group, Orgo, Vachhani, Dynamic, Shyamal, Emco, Ajanta, Virchows. NFC reported that much of the production equipment in India that is used to make dyes, pigments, and organic chemicals can also be used to make sulfanilic acid.⁵⁰

In its response to the Commission's notice of institution in these fourth five-year reviews, NFC listed 27 possible producers and exporters in India, and it reported the capacities of certain producers/exporters in India, which totals 35.7 million pounds per year.⁵¹ Table I-7 shows NFC's listing of companies in India and their annual capacities to produce sulfanilic acid.

⁵⁰ *Sulfanilic Acid From China and India, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Third Review)*, USITC Publication 4270, October 2011, pp. I-19 through I-21.

⁵¹ *NFC's Response to the Commission's Notice of Institution*, October 3, 2016, apps. 4, 5, and 7.

Table I-7**Sulfanilic acid: Annual capacity to produce sulfanilic acid in India, by firm**

Producer/exporter	Annual capacity (1,000 pounds)
Kokan Synthetics & Chern. Pvt. Ltd.	13,228
Kabasha Chemdye Pvt. Ltd.	1,764
Alginates Allied Chern. Pvt. Ltd.	1,764
Vito Dyechem Pvt. Ltd.	1,543
Metrochem Ind., Ltd.	2,205
GDI Group	7,716
Orgo Chern (Guj) Pvt. Ltd.	3,748
Vachhani Chemicals Pvt. Ltd.	(¹)
Dynamic Products Ltd.	(¹)
Shyamal Intern, Pvt. Ltd.	(¹)
Emco Dyestuff Pvt. Ltd.	(¹)
Ajanta Organics Pvt. Ltd.	(¹)
Virchows Labs. Ltd.	(¹)
Other	3,748
Total	35,715

¹ Unknown or less than one.

Source: *NFC's Response to the Commission's Notice of Institution*, October 3, 2016, app. 7.

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

On July 22, 2002, the European Union ("EU") imposed countervailing duties of 7.1 percent on imports of sulfanilic acid from India, and antidumping rates of 18.3 percent on imports from India and 21.0 percent on imports from China. Effective December 2, 2004, the EU increased the antidumping duty rate on imports from China to 33.7 percent. In 2008, the EU conducted its own "expiry" or sunset reviews of the orders on imports of sulfanilic acid from China and India, all three orders were continued (with some modifications).⁵²

THE GLOBAL MARKET

Demand for sulfanilic acid continues to be concentrated in the United States, Europe, Mexico, Brazil, and Japan. There is continued growth in demand in China, Taiwan, and India for brightener production.⁵³

Table I-8 presents the largest global export sources of sulfanilic acid during 2011-15. The applicable HTS subheading from which the data were derived includes aniline derivatives

⁵² *Sulfanilic Acid From China and India, Inv. Nos. 701-TA-318 and 731-TA-538 and 561 (Third Review)*, USITC Publication 4270, October 2011, p. I-16.

⁵³ *NFC's Response to the Commission's Notice of Institution*, October 3, 2016, p. 19.

and their salts, and therefore, may be overstated. The largest exporting country by quantity is China with 156 million pounds at a value of \$171 million in 2015. This is followed by India with 67 million pounds at \$100 million. Russia is the third largest exporting country with 34 million pounds at a value of \$28 million. Germany is the fourth largest exporter with 9 million pounds at a value of \$12 million.

Table I-8
Sulfanilic acid: Global exports by major sources, 2011-15

Reporting country	Calendar year				
	2011	2012	2013	2014	2015
	Quantity (1,000 pounds)				
China	86,503	121,762	136,321	143,617	155,561
India	59,111	62,533	72,983	79,802	66,562
Russia	6,836	6,535	42,701	29,962	33,680
Germany	10,631	9,935	7,582	7,471	9,108
Portugal	4,278	6,004	6,412	6,517	6,939
United States	8,239	5,543	7,752	6,327	4,457
France	364	585	691	636	477
South Korea	62	156	307	688	334
Czech Republic	296	223	188	128	171
Mexico	25	42	---	127	160
Japan	265	137	237	317	154
United Kingdom	200	243	119	78	151
Australia	70	24	59	176	146
Netherlands	582	724	347	327	138
All other countries	660	1,890	1,037	577	624
Total countries	178,122	216,336	276,736	276,750	278,662

Table continued on the next page.

Table I-8--Continued
Sulfanilic acid: Global exports by major sources, 2011-15

Reporting country	Calendar year				
	2011	2012	2013	2014	2015
	Value (1,000 dollars)				
China	111,880	155,622	190,048	214,727	170,933
India	87,777	106,053	125,485	127,615	99,795
Russia	8,057	7,783	49,717	32,590	27,865
Germany	17,840	16,638	13,381	12,970	12,026
Portugal	4,121	5,292	6,008	6,096	4,887
United States	8,483	6,322	7,826	10,673	5,075
France	933	787	2,524	598	872
South Korea	1,549	3,956	5,459	15,871	3,729
Czech Republic	494	358	316	303	253
Mexico	22	31	---	90	75
Japan	8,625	2,362	1,315	1,729	1,166
United Kingdom	1,577	1,030	886	2,008	665
Australia	194	58	154	551	1,370
Netherlands	1,235	1,071	717	876	228
All other countries	8,677	5,680	9,147	7,164	3,526
Total countries	261,865	315,105	416,776	437,081	334,833

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 2921.42, Aniline Derivatives and their Salts.

APPENDIX A

FEDERAL REGISTER NOTICES

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

Citation	Title	Link
81 FR 60343 September 1, 2016	<i>Commerce's Initiation of Five-Year ("Sunset") Review</i>	https://www.federalregister.gov/d/2016-21209
81 FR 60386 September 1, 2016	<i>Sulfanilic Acid From China and India; Institution of Five-Year Reviews</i>	https://www.federalregister.gov/d/2016-20658

APPENDIX B
COMPANY-SPECIFIC DATA

* * * * *

APPENDIX C

SUMMARY DATA COMPILED IN PRIOR PROCEEDINGS

DATA COMPILED IN ORIGINAL INVESTIGATIONS

U.S. MARKET

Apparent U.S. Consumption

Data on apparent U.S. consumption of sulfanilic acid were compiled from information submitted in response to Commission questionnaires.⁶⁸ These data, presented in table 1, are composed of the sum of U.S. shipments of U.S. producers and importers (see appendix table D-1 for U.S. consumption by grade).

Table 1
Sulfanilic acid: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption,¹ 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan. - Sept. - -	
				1991	1992
<u>Quantity (1,000 pounds²)</u>					
Producers' U.S. shipments . . .	***	***	***	***	***
Importers' U.S. shipments:					
Hungary	***	***	***	***	***
India	***	***	***	***	***
Subtotal	***	***	***	***	***
China	***	***	***	***	***
Subtotal	749	1,185	3,654	2,676	1,935
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption . .	5,334	7,108	7,906	5,761	4,959
<u>Value³ (1,000 dollars)</u>					
Producers' U.S. shipments . . .	***	***	***	***	***
Importers' U.S. shipments:					
Hungary	***	***	***	***	***
India	***	***	***	***	***
Subtotal	***	***	***	***	***
China	***	***	***	***	***
Subtotal	611	1,036	3,100	2,282	1,951
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Apparent consumption . .	4,877	6,502	7,829	5,777	5,096

¹ Nonsubject import shipments are believed to be understated for 1989; consequently, U.S. consumption for 1989 may be understated by as much as 10 to 15 percent.

² Weights expressed in this report are in pounds of free acid.

³ F.o.b. U.S. shipping point.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

⁶⁸ See app. C for summary data on the U.S. market.

Table 2

Sulfanilic acid: U.S. capacity, production, and capacity utilization, 1989-91, January-September 1991, and January-September 1992¹

Item	1989	1990	1991	Jan.-Sept.--	
				1991	1992
	*	*	*	*	*

¹ Capacity and production data are provided for U.S. producers' capacity for and production of technical (crude) sulfanilic acid.

To avoid double counting R-M's capacity and production of sulfanilic acid when technical sulfanilic acid is further processed into sodium sulfanilate and refined sulfanilic acid, the staff used R-M's reported capacity and production of technical sulfanilic acid. Hilton Davis produced ***. R-M noted in its questionnaire response that it takes *** pounds of technical sulfanilic acid to make 1.0 pound of sodium sulfanilate and *** pounds of sodium sulfanilate (free-acid basis) to make 1.0 pound of refined grade sulfanilic acid.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Capacity to produce sulfanilic acid increased by *** percent from 1989 to 1991, raising total production capabilities to *** pounds in 1991.¹⁰⁶ The increase in capacity was due to numerous internal changes undertaken by R-M to increase its efficiency. Capacity to produce the technical grade increased by approximately *** pounds per year when ***.¹⁰⁷ Early in 1991, R-M made major improvements to ***. These improvements, in addition to modifications to ***, increased the sodium sulfanilate production capacity by approximately *** percent.

While uncertainty in the marketplace has prevented R-M from making further changes in capacity, the company's president testified that technical capacity could be easily increased to 7.5 million pounds per year with the addition of two new ball mills in what is currently used as warehouse space. Capacity for the sodium sulfanilate could also be increased by adapting the

¹⁰⁶ R-M noted that it had insufficient capacity to meet customers' demands in the second half of 1990 when orders for sulfanilic acid increased following Japan's withdrawal from the market. The company was forced to make partial shipments to some customers, including Warner-Jenkinson and Sandoz. Don Voigt (Director of Purchasing, Sandoz) also testified that R-M had insufficient capacity to meet his company's needs for refined grade sulfanilic acid when R-M was producing this product in 1986-89. (Conference transcript, pp. 158-159.)

¹⁰⁷ ***. ***. (Staff conversation on Feb. 2, 1993 with John Dickson (R-M)).

during 1993.¹¹² (As shown in table D-2, R-M reported that it has the capacity to produce *** pounds of refined sulfanilic acid annually.)

U.S. Producers' U.S. Shipments and Export Shipments

U.S. producers' U.S. and export shipments of sulfanilic acid are presented in table 3 (see appendix table D-3 for U.S. shipments by grade).

Table 3

Sulfanilic acid: Shipments by U.S. producers,¹ by types, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.--	
				1991	1992
	*	*	*	*	*

¹ ***. R-M produces refined sulfanilic acid and sodium sulfanilate from its technical sulfanilic acid. Such consumption of the technical grade occurs as part of a continuous process and is not considered a company transfer. Roughly *** of R-M's production of technical sulfanilic acid is used to produce sodium sulfanilate. Hilton Davis, a small U.S. producer, ***.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

¹¹¹ (...continued)
petitioner's posthearing brief.) ***.

However, another key reason for Warner-Jenkinson not immediately testing the sample was the firm's past experience with unreliability on the part of R-M in terms of both (1) actual shipments and (2) samples submitted during R-M's experiment with "intermediate refined grade." (See app. E, Warner-Jenkinson's Jan. 22, 1993 submission, and hearing transcript, pp. 142-144.)

At this time, Warner-Jenkinson is continuing to monitor Sandoz' experience with R-M's refined grade. Any decision to actually use the product will depend upon how it performs in a production (not just laboratory) setting. Warner-Jenkinson notes that quality standards for food dyes and optical brighteners differ; ***. (Staff conversation on Feb. 2, 1993 with counsel for Nitrokemia.)

¹¹² In ***, R-M and Sandoz signed a sales agreement whereby R-M would supply Sandoz with *** pounds of refined sulfanilic acid ***. (The contracted price is \$*** per pound.)

Operations on Sulfanilic Acid

Income-and-loss data for R-M on sulfanilic acid operations¹²⁷ are shown in table 7. Net sales of sulfanilic acid were stable at approximately \$*** for 1989 and 1990 and increased *** by *** percent to \$*** in 1991. The operating income (loss) was \$*** in 1989, \$*** in 1990, and \$*** in 1991. Operating income (loss) margins were *** percent in 1989, *** percent in 1990, and *** percent in 1991. Net sales of \$*** for the 9-month period ended September 30, 1992, were *** percent less than the net sales of \$*** for the 9-month period ended September 30, 1991. The operating income was \$*** in the 1992 interim period compared to an operating income of \$*** in interim 1991. The operating income margin as a share of sales was *** percent in interim 1991 and *** percent in interim 1992. The average unit sales value (on a per-pound basis), as shown in table 8, for R-M's sulfanilic acid operations was \$*** in 1991 compared to \$*** in 1989 and 1990. The quantity sold (***) in 1991 was *** higher than the *** sold in both 1989 and 1990. R-M incurred operating losses in 1989 and 1990, but realized an operating income of \$*** per pound in 1991. Cost of goods sold decreased *** on a unit basis from \$*** in 1989 to \$*** in 1990, due, in part,¹²⁸ to a decrease in the cost of aniline, the primary raw material. Cost of goods sold decreased further on a unit basis to \$*** in 1991, principally due to the ***.

Table 7

Income-and-loss experience of R-M Industries on its operations producing sulfanilic acid,¹ calendar years 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan. -Sept. - -	
				1991	1992
	*	*	*	*	*

¹ ***. A complete description is included in the narrative of the report.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

¹²⁷ ***.

¹²⁸ The product mix was also a contributing factor to the decreased cost of goods sold. The higher cost refined grade of sulfanilic acid was sold in 1989 but not in 1990.

Table 16

Sulfanilic acid: Shares of apparent U.S. consumption supplied by U.S. producers and U.S. importers of product from Hungary, India, China, and all other sources,¹ 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.--	
				1991	1992
Share of the quantity of U.S. consumption (percent)					
Producers' U.S. shipments . . .	***	***	***	***	***
Importers' U.S. shipments:					
Hungary	***	***	***	***	***
India	***	***	***	***	***
Subtotal	***	***	***	***	***
China	***	***	***	***	***
Subtotal	14.0	16.7	46.2	46.4	39.0
Other sources	***	***	***	***	***
Total	***	***	***	***	***
Share of the value of U.S. consumption ² (percent)					
Producers' U.S. shipments . . .	***	***	***	***	***
Importers' U.S. shipments:					
Hungary	***	***	***	***	***
India	***	***	***	***	***
Subtotal	***	***	***	***	***
China	***	***	***	***	***
Subtotal	12.5	15.9	39.6	39.5	38.3
Other sources	***	***	***	***	***
Total	***	***	***	***	***

¹ Import shipments from other sources are believed to be understated for 1989; consequently, U.S. consumption for 1989 may be understated by as much as 10 to 15 percent.

² Based on f.o.b. U.S. shipping point values.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Over the period of investigation, the U.S. producers' share of the quantity of total apparent consumption fluctuated; starting at *** percent in 1989, the U.S. producers' share dropped by approximately *** percentage points in 1990. A *** increase was shown in 1991, and data reported for January-September 1992 show a climb to *** percent of consumption. In terms of value, the U.S. producers' share decreased from *** percent in 1989 to *** percent in 1990; from this point on, the U.S. producers' share increased steadily, reaching *** percent in January-September 1992. The share of consumption (in terms of quantity) accounted for by imports from Hungary, India, and China grew by 32.2 percentage points during 1989-91, reaching 46.2 percent in 1991. By January-September 1992, however, the share had decreased somewhat to 39.0

Table C-1
 Sulfanilic acid: Summary data concerning the U.S. market, 1989-91, January-September 1991, and
 January-September 1992

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

Item	Reported data			Period changes					
	1989	1990	1991	Jan.-Sept.-- 1991	1992	1989-91	1989-90	1990-91	Jan.- Sept.-- 1991-92
	*	*	*	*	*	*	*	*	*

Source: Compiled from data presented in the body of this report.

DATA COMPILED IN FIRST REVIEWS

Table I-1
Sulfanilic acid: U.S. producers' capacity, production, and U.S. shipments, 1989-91, January-September 1991, January-September 1992, and 1998

Item	1989	1990	1991	January-September		1998
				1991	1992	
Capacity (1,000 pounds) ¹	***	***	***	***	***	8,818
Production (1,000 pounds) ¹	***	***	***	***	***	***
Capacity utilization (percent) ¹	***	***	***	***	***	***
U.S. shipments:						
Quantity (1,000 pounds) ²	***	***	***	***	***	***
Value (1,000 dollars) ²	***	***	***	***	***	***
Unit value (dollars per pound) ²	***	***	***	***	***	***

¹ To prevent double-counting, capacity and production data are for technical sulfanilic acid (except, possibly, for 1998) because some of the technical acid is further processed into refined sulfanilic acid and sodium sulfanilate. R-M reported that it required *** pounds of technical sulfanilic acid to make 1.0 pound of sodium sulfanilate and *** pounds of sodium sulfanilate to make 1.0 pound of refined grade sulfanilic acid. The basis for the 1998 figures is not known.

² To prevent double-counting, figures do not include (except, possibly, for 1998) company transfers reported by R-M of that technical grade product used in a continuous process to produce sodium sulfanilate and/or refined sulfanilic acid. Roughly *** of R-M's production of technical sulfanilic acid was used to produce sodium sulfanilate. Hilton Davis ***. The base of calculation for the 1998 figure is not known.

Note.—In 1991, the U.S. industry reported domestic shipments (not including R-M's company transfers of that technical grade product used in a continuous process to produce sodium sulfanilate and Hilton Davis' internal consumption) of *** pounds of technical sulfanilic acid and *** pounds of sodium sulfanilate. No refined sulfanilic acid was produced in the United States in 1991 (or in 1990). R-M reported domestic shipments of *** pounds of refined sulfanilic acid in 1989 and *** pounds in January-September 1992. See table D-3 in the *Staff Report of February 3, 1993*. Also, see table I-4 in this report for U.S. producers' U.S. shipments by grade for 1989-91 and January-September 1991-92.

Source: *Staff Report of February 3, 1993*, pp. I-45 and I-48, for 1989-91 and January-September 1991-92 data; *Response of NFC*, p. 4, for 1998 data, except for capacity that is from "Zeneca Divests Sulfanilic Acid," *Chemical Week*, September 30, 1998. (The *Staff Report of July 24, 1992* presented data for 1989-91 that were comparable to that contained in the sourced staff report, except that it listed data for January-March interim periods.)

increasing from *** pounds in 1989 to *** pounds in 1991. Production and U.S. shipments also increased, rising by *** percent and *** percent, respectively. Capacity utilization rose from *** percent in 1989 to *** percent in 1991. In addition, an improvement in some financial indicators was

Table I-3

Sulfanilic acid: U.S. producers' U.S. shipments, U.S. importers' U.S. shipments, and apparent U.S. consumption, on the basis of quantity, 1989-91, January-September 1991, January-September 1992, and 1998¹

Item	1989	1990	1991	January- September		1998
				1991	1992	
	Quantity (1,000 pounds)					
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. importers' U.S. shipments:						
China	***	***	***	***	***	1,048 ²
India	***	***	***	***	***	0 ²
Subtotal	***	***	***	***	***	1,048 ²
Other sources	***	***	***	***	***	1,972 ²
Total	***	***	***	***	***	3,020 ²
Apparent U.S. consumption	***	***	***	***	***	***
	Share of consumption (percent)					
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports:						
China	***	***	***	***	***	***
India	***	***	***	***	***	N/A
Subtotal	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Total	***	***	***	***	***	***

¹ Nonsubject import shipments are believed to be understated for 1989. Consequently, U.S. consumption for that year may be understated by as much as 10 to 15 percent.

² U.S. imports, not U.S. shipments of imports.

³ Less than 0.05 percent.

Source: *Staff Report of February 3, 1993*, pp. I-28 and I-90, for 1989-91 and January-September 1991-92 data (of which import data were from questionnaires); 1998 imports are from official Commerce statistics; and 1998 U.S. producers' shipments are from the *Response of NFC*, p. 4. (The *Staff Report of July 24, 1992* presented data for 1989-91 that were comparable to that contained in the sourced staff report.)

DATA COMPILED IN SECOND REVIEWS

Table I-3
Sulfanilic acid: Summary data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews, 1989-91, January-September 1991, January-September 1992, 1998, 1999-2004, January-September 2004, and January-September 2005

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

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

Table continued on following page.

Table I-3--Continued

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

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

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

Table continued on following page.

Table I-3--Continued
Sulfamic acid: Summary data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews, 1989-91, January-September 1991, January-September 1992, 1998, 1999-2004, January-September 2004, and January-September 2005

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

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

Table continued on following page.

Table I-3--Continued
Sulfanilic acid: Summary data from the original investigations, the first expedited five-year reviews, and the current (second) full five-year reviews, 1989-91, January-September 1991, January-September 1992, 1998, 1999-2004, January-September 2004, and January-September 2005

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

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

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

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

Table I-5

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

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

Table I-6

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

* * * * *

DATA COMPILED IN THIRD REVIEWS

Table I-2
Sulfanilic acid: NFC's capacity, production, capacity utilization, U.S. commercial shipments, and financial data, 2010

Item	2010
Capacity (1,000 pounds)	***
Production (1,000 pounds)	***
Capacity utilization (percent)	***
U.S. commercial shipments:	
Quantity (1,000 pounds)	***
Value (\$1,000)	***
Unit value (per pound)	***
Net sales (\$1,000)	***
COGS (\$1,000)	***
Gross profit or (loss) (\$1,000)	***
SG&A expenses (\$1,000)	***
Operating income or (loss) (\$1,000)	***
Source: Domestic interested party's response to the Commission's notice of institution, pp. 17-18.	

U.S. Imports

During the original investigations, the Commission identified 8 U.S. importers that imported the subject product from China, and 8 U.S. importers that imported the subject product from India. During the expedited first five-year reviews, the domestic interested party identified 2 U.S. importers of subject product from China, and was not aware of any importers of subject product from India. During the full second five-year reviews, the Commission sent questionnaires to 13 firms believed to have imported sulfanilic acid, and received usable data from 6 firms (including domestic producer NFC).

In these expedited third five-year reviews, the domestic interested party identified four firms that are believed to be importing the subject product from China (PHT International, Inc., Clariant Corp., Trinity Manufacturing, Inc., and Matrix Outsourcing LLC) and two firms that are believed to be importing the subject product from India (Cater Chemical and Hach Co.).⁴¹ Data regarding U.S. imports of sulfanilic acid, as reported by Commerce, are presented in table I-3.

⁴¹ NFC response to the notice of institution, pp. 15-16.

APPARENT U.S. CONSUMPTION AND U.S. MARKET SHARES

NFC reported that the most recent significant changes in the U.S. sulfanilic acid market have been (1) an increase in demand for sulfanilic acid in the United States caused by an increase in optical brighteners used by paper companies that started in 2007 as a result of the decision of the paper companies to increase brightness to the same level as was common in Europe;⁴² and (2) the decline in U.S. consumption in 2009 and 2010 caused by the economic downturn and the increase in brightener imports from Taiwan and China.⁴³ Five top purchasers of sulfanilic acid were identified as ***.⁴⁴

Table I-4 presents apparent U.S. consumption and U.S. market shares in 2010.⁴⁵

Table I-4

Sulfanilic acid: U.S. shipments of domestic product, U.S. imports, apparent U.S. consumption, and U.S. market shares, 2010

Item	2010
	Quantity (1,000 pounds)¹
U.S. producers' U.S. shipments	***
U.S. imports	
China	0
India	0.22
Subtotal	0.22
All other sources ¹	1,733
Total imports	1,733
Apparent U.S. consumption	***
	Share of consumption (percent)
U.S. producers' U.S. shipments	***
U.S. imports	
China	***
India	***
Subtotal	***
All other sources ¹	***
Total imports	***
¹ The primary "other sources" during 2010 were France and Italy. ² Less than 0.01 percent.	
Source: Domestic interested party's response to the notice of institution, pp. 17-18, and official Commerce statistics.	

⁴² These increased imports of brighteners are the subject of an antidumping petition filed on March 31, 2011, concerning Certain Stilbenic Optical Brightening Agents from China and Taiwan (Inv. Nos. 731-TA-1186-1187). On May 16, 2011, the Commission made an affirmative preliminary determination.

⁴³ NFC response to the notice of institution, p. 18.

⁴⁴ Domestic interested parties' additional response to the notice of institution, p. 2.

⁴⁵ Appendix C presents Table I-3 from the second five-year reviews staff report which contains comparative data of the U.S. market and industry from the original investigations, the first five-year reviews, and the second five-year reviews.

