Sodium Hexametaphosphate from China

Investigation No. 731-TA-1110 (Second Review)

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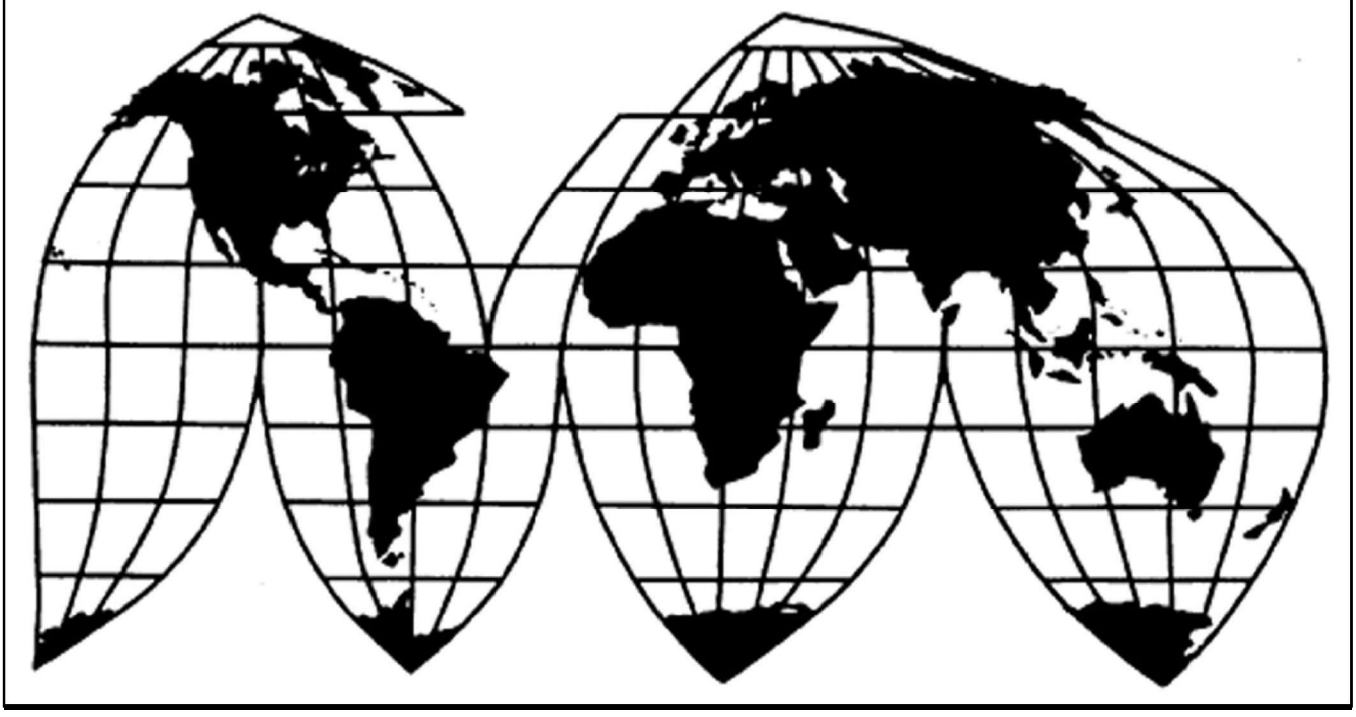
U.S. International Trade Commission



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U.S. International Trade Commission

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1110 (Second Review)
Sodium Hexametaphosphate from China

DETERMINATION

On the basis of the record[1] developed in the subject five-year review, the United States International Trade Commission ("Commission") determines, pursuant to the Tariff Act of 1930 ("the Act"), that revocation of the antidumping duty order on sodium hexametaphosphate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on June 1, 2018 (83 F.R. 25488) and determined on September 4, 2018 that it would conduct an expedited review (83 F.R. 50958, October 10, 2018).

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

[2] Commissioner Meredith M. Broadbent did not participate in the vote.

Views of the Commission

Based on the record in this second five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping duty order on sodium hexametaphosphate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1]

I. Background

A. The Original Investigation

On February 8, 2007, ICL Specialty Products Inc. ("ICL") and Innophos, Inc. ("Innophos"), domestic producers of sodium hexametaphosphate ("SHMP") (collectively, "domestic interested parties" or "domestic producers"), filed an antidumping duty petition on imports of SHMP from China. In March 2008, the Commission found a domestic industry was materially injured by reason of less-than-fair-value ("LTFV") imports of SHMP from China.[2] Consequently, on March 19, 2008, Commerce issued an antidumping duty order.[3]

B. The First Review

On February 1, 2013, the Commission instituted its first five-year review of the antidumping duty order on SHMP from China.[4] In June 2013, the Commission reached an affirmative determination after conducting an expedited review.[5] As a result, effective July 17, 2013, Commerce issued a continuation of the antidumping duty order.[6]

[1] Commissioner Broadbent did not participate in this review.

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

[3] *Notice of Antidumping Duty Order: Sodium Hexametaphosphate from the People's Republic of China*, 73 Fed. Reg. 14772 (Mar. 19, 2008).

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

[5] *Sodium Hexametaphosphate from China*, Inv. No. 731-TA-1110 (Review), USITC Pub. 4410 at 3 (June 2013) ("*First Review*").

[6] *Sodium Hexametaphosphate from the People's Republic of China: Continuation of Antidumping Duty Order*, 78 Fed. Reg. 42754 (July 17, 2013).

C. The Current Review

On June 1, 2018, the Commission instituted the instant five-year review.[7] On July 2, 2018, the domestic interested parties jointly filed a response to the notice of institution.[8] On September 4, 2018, the Commission determined that the domestic interested party group response to its notice of institution was adequate;[9] the Commission did not receive a response from any respondent interested party and determined that the respondent interested party group response to the notice of institution was inadequate.[10] The Commission did not find any circumstances that would warrant conducting a full review and determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act.[11]

On October 10, 2018, the domestic interested parties filed comments with the Commission pursuant to Commission rule 207.62(d).[12]

U.S. industry data are based on trade and financial data submitted by the domestic interested parties in the original investigation, the first five-year review, and this current five-year review in response to the notice of institution.[13] The domestic interested parties estimate that they accounted for *** percent of domestic production of SHMP in 2017.[14] U.S. import and foreign industry data and related information are based on information from the original investigation and prior review, available information submitted by the domestic interested parties in this expedited review, official import statistics of the Department of Commerce ("Commerce"), and publicly available data, such as Global Trade Atlas data, gathered by staff.[15]

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."[16] The Tariff Act defines "domestic like

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[7] *Sodium Hexametaphosphate from China; Institution of a Five-Year Review*, 83 Fed. Reg. 25488 (June 1, 2018).

[8] Sodium Hexametaphosphate from the People's Republic of China: Response to the Commission's Notice of Institution, EDIS Doc. 649258 (July 2, 2018) ("Domestic Interested Parties' Response").

[9] Explanation of Commission Determination on Adequacy, EDIS Doc. 655107 (Sep. 7, 2018).

[10] Explanation of Commission Determination on Adequacy.

[11] Explanation of Commission Determination on Adequacy.

[12] Sodium Hexametaphosphate from the People's Republic of China: Petitioners' Comments, EDIS Doc. 658442 (Oct. 10, 2018) ("Domestic Industry's Expedited Review Comments").

[13] Confidential Report, Memorandum INV-QQ-092 (Aug. 16, 2018) ("CR") at I-20, Public Report ("PR") at I-13, CR/PR at Table I-4.

[14] CR/PR at Table I-1. In their response to the notice of institution, the domestic interested parties identified one additional firm, Nalco Company, as manufacturing SHMP for captive consumption, but they did not know if it had any commercial sales of SHMP. *See* Domestic Interested Parties' Response at 29.

[15] CR/PR at Tables I-7, I-9 to I-12.

[16] 19 U.S.C. § 1677(4)(A).

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."[17] 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.[18]

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

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

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[17] 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).

[18] *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).

However, the product covered by the order does not include SHMP when imported in a blend with other materials in which the SHMP accounts for less than 50 percent by volume of the finished product.[19]

SHMP is a translucent, solid material that is used as an input into the production of many industrial and consumer products; it is used in water treatment, food and beverage production, and clay processing, among other applications.[20] It is a glassy phosphate that may easily be dissolved in water, a characteristic that no other phosphate shares.[21] SHMP is generally differentiated by four characteristics: grade, chain length designation, P_2O_5 content, and particle size.[22] SHMP is produced in food grade or technical grade, with food grade required to meet stricter standards for quality and purity.[23] Commercial SHMP comprises various lengths of polyphosphate chains, and is often designated as either "regular chain" or "long chain," with regular chain typically used in more industrial applications, while some beverage producers prefer to use long chain SHMP because it increases the shelf life of their product.[24] P_2O_5 content for SHMP is closely related to the chain length designation, with higher P_2O_5 content corresponding to longer average chain length.[25] SHMP is also produced in different particle sizes: glass, granular, and powder.[26]

In the original investigation and first five-year review, the Commission found a single domestic like product consisting of SHMP in all grades, chain lengths, and particle sizes, coextensive with Commerce's scope definition.[27]

The domestic producers contend that the Commission should adopt the past domestic like product definition.[28] The record does not indicate any changes to the pertinent characteristics of SHMP since the prior proceedings that would warrant reconsideration of the domestic like product definition.[29] Consequently, we define the domestic like product as SHMP, coextensive with Commerce's scope.

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[19] *Sodium Hexametaphosphate from the People's Republic of China: Final Results of Expedited Second Sunset Review of the Antidumping Duty Order*, 83 Fed. Reg. 50338 (Oct. 5, 2018) and the accompanying *Issues and Decision Memorandum for the Second Expedited Sunset Review of the Antidumping Duty Order on Sodium Hexametaphosphate from the People's Republic of China*, Case No. A-570-908 (Sept. 28, 2018) at 2 (EDIS Doc. 658571).

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

[21] CR at I-7 to I-8, PR at I-6.

[22] CR at I-10, PR at I-7.

[23] CR at I-10 to I-11, PR at I-8.

[24] CR at I-13 to I-14, PR at I-9.

[25] CR at I-14, PR at I-10.

[26] CR at I-14, PR at I-10.

[27] *Original Determination*, USITC Pub. 3984 at 5-6; *First Review*, USITC Pub. 4410 at 5.

[28] Domestic Interested Parties' Response at 32.

[29] *See generally* CR at I-7 to I-18, PR at I-6 to I-12.

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

In the original investigation and first five-year review, the Commission defined the domestic industry as consisting of all domestic producers of SHMP.[31]

In this review, there are no related party or other domestic industry issues.[32] The domestic interested parties maintain that the Commission should adopt the domestic industry definition from the prior proceedings.[33] Accordingly, consistent with the domestic like product definition, we again define the domestic industry as consisting of all domestic producers of SHMP.

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

A. Legal Standards

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

[30] 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.

[31] *Original Determination,* USITC Pub. 3984 at 6; *First Review*, USITC Pub. 4410 at 5-6. In the original investigation, the Commission considered whether ***. Confidential Original Determination, EDIS Doc. 652277 (Mar. 2008) at 6 n.25. In this review, there is no evidence in the record that *** has produced SHMP since the imposition of the antidumping duty order. Domestic Interested Parties' Response at 29.

[32] CR at I-22 to I-23; PR at I-14 to I-15.

[33] Domestic Interested Parties' Response at 32.

[34] 19 U.S.C. § 1675a(a).

effects on volumes and prices of imports."[35] Thus, the likelihood standard is prospective in nature.[36] The CIT has found that "likely," as used in the five-year review provisions of the Tariff Act, means "probable," and the Commission applies that standard in five-year reviews.[37]

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[38] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[39]

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[40] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if 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).[41] The statute further provides

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

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

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

[38] 19 U.S.C. § 1675a(a)(5).

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

[40] 19 U.S.C. § 1675a(a)(1).

[41] 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning SHMP from China. CR at I-5, PR at I-4.

that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.[42]

In evaluating the likely volume of imports of subject merchandise if 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.[43] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[44]

In evaluating the likely price effects of subject imports if 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.[45]

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 development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[46] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order under review and whether the industry is vulnerable to material injury upon revocation.[47]

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

[43] 19 U.S.C. § 1675a(a)(2).

[44] 19 U.S.C. § 1675a(a)(2)(A-D).

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

[46] 19 U.S.C. § 1675a(a)(4).

[47] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission "considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the

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

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[48] The following conditions of competition inform our determination.

1. Demand Conditions

In the original investigation and first five-year review, the Commission found that SHMP is an input in the production of many industrial and consumer products, and its demand is derived from demand for those end-use products.[49] SHMP's primary uses are in water treatment, other industrial applications, industrial and institutional cleaners, meat/seafood/poultry production, other consumer products, and dentifrices.[50] The record in the current review indicates that the drivers of demand for SHMP in the U.S. market have not changed.[51]

In the original investigation, the Commission found that apparent U.S. consumption of SHMP fluctuated during the period of investigation, but increased from *** metric tons in 2004 to *** metric tons in 2006, for an overall increase of *** percent.[52] In the first five-year review, the Commission found that apparent U.S. consumption was *** percent lower in 2012, at *** metric tons, than in 2006.[53] In the current review, apparent U.S. consumption in 2017 is *** percent higher, at *** metric tons, than in 2012.[54] The domestic interested parties maintain that demand for SHMP has grown modestly but not changed significantly, and continues to be derived from the same downstream applications for SHMP.[55] Moreover, they point out that ***, reported in this review that there have been no changes in end uses and applications of

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domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[48] 19 U.S.C. § 1675a(a)(4).

[49] *Original Determination,* USITC Pub. 3984 at 7; *First Review*, USITC Pub. 4410 at 9.

[50] *Original Determination,* USITC Pub. 3984 at 7.

[51] *See* CR at I-7 to I-10, PR at I-6 to I-7.

[52] Confidential Original Determination, EDIS Doc. 652277 (Mar. 2008) at 9.

[53] Confidential First Review, EDIS Doc. 652913 (June 2013) at 12.

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

[55] Domestic Interested Parties' Response at 14; Domestic Industry's Expedited Review Comments at 5-6.

SHMP in the United States or China since 2008, nor are there any anticipated changes in the foreseeable future.[56]

2. Supply Conditions

In the original investigation and first five-year review, the Commission found that two domestic producers, ICL and Innophos, accounted for *** U.S. production of SHMP.[57] Additionally, the Commission stated in the original determination that the domestic industry had historically supplied only a portion of the U.S. market for SHMP, with the remainder supplied by imports.[58] In the original investigation, the Commission found that the domestic producers' share of the U.S. market declined steadily from *** percent in 2004 to *** percent in 2006, while the share held by subject imports increased from *** percent to *** percent, and the share held by nonsubject imports fluctuated but increased *** overall, from *** percent to *** percent.[59] In the first review, the Commission found that, since the antidumping duty order went into effect in 2008, the volume of subject imports had declined substantially, and the volume of nonsubject imports had fluctuated.[60] In 2012, the domestic industry was the *** supplier in the U.S. market, and it supplied a *** larger share than it did in 2006. It found that nonsubject sources were the *** supplier to the U.S. market in 2012, and subject imports were present at *** levels.[61]

In this review, the domestic producers' share of apparent U.S. consumption was *** lower in 2017, at *** percent, than in 2012, when it was *** percent. Subject imports' share *** at *** percent, and nonsubject imports' share was *** higher in 2017, at *** percent, than in 2012, when it was *** percent.[62] The principal sources of nonsubject imports in 2017 were Germany, Thailand, and Kazakhstan.[63]

The domestic interested parties assert that the most important supply factor affecting the market has been the near withdrawal of Chinese SHMP from the domestic market, which has allowed domestic producers to capture a significantly larger share of the market.[64] They note that nonsubject imports from Thailand, Germany, and Mexico have increased, but argue that total imports still remain below the levels during the original period of investigation.[65] Domestic producers also acknowledge that a few purchasers claimed in this review that they expect future supply constraints with respect to raw materials for SHMP production in China.[66]

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[56] Domestic Industry's Expedited Review Comments at 3.

[57] *Original Determination*, USITC Pub. 3984 at 8; *First Review*, USITC Pub. 4410 at 9.

[58] *Original Determination*, USITC Pub. 3984 at 9.

[59] Confidential Original Determination, EDIS Doc. 652277 (Mar. 2008) at 12.

[60] *First Review*, USITC Pub. 4410 at 9.

[61] Confidential First Review, EDIS Doc. 652913 (June 2013) at 13. In 2012, the domestic industry's market share was *** percent, nonsubject imports' share was *** percent, and subject imports' share was *** percent. CR/PR at Table I-8.

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

[63] CR/PR at I-6.

[64] Domestic Interested Parties' Response at 17, 32.

[65] Domestic Interested Parties' Response at 17.

[66] Domestic Industry's Expedited Review Comments at 2.

They argue, however, that China is home to the world's largest producer of SHMP, Hubei Xingfa Chemicals Group Co., Ltd ("Hubei Xingfa"), and it continues to have an enormous reservoir of excess capacity to produce SHMP.[67]

3. Substitutability and Other Conditions

In the original investigation, the Commission stated that SHMP is produced in food and technical grades, and SHMP of either grade can be characterized as either regular or long chain.[68] It found that, within form or grade, SHMP is generally interchangeable, regardless of where it is produced.[69] The Commission noted that U.S. producers and most importers and purchasers reported that the U.S. product, subject imports, and nonsubject imports are frequently or always comparable.[70] The Commission found that SHMP's high degree of solubility limited the products that can be substituted for it.[71] The Commission noted a divergence of views by market participants as to the importance of price in purchasing decisions, but found that all domestic producers and some responding importers reported that price was an important factor and that non-price differences were only *** in purchasing decisions.[72]

In the first five-year review, the Commission found no information suggesting any change with respect to the importance of price.[73] The Commission found that the limited information available indicated that, as in the original investigation, the U.S. product, subject imports, and nonsubject imports are frequently or always comparable.[74] It found that both the domestic industry and the industry in China are able to supply food-grade SHMP and technical-grade SHMP at various chain lengths to U.S. customers.[75]

In this review, there is no new information on the record to suggest any changes since the prior proceedings in substitutability between the domestic like product and subject imports or in the importance of price. The domestic interested parties maintain that few substitutes for SHMP have emerged since the original investigation and that now, as during the original investigation, SHMP from different sources is frequently or always comparable.[76] They acknowledge that since the previous review there have been imports of blends of less than 50 percent SHMP (by volume) that are not subject to the antidumping order, but they argue that the substitutability of such blends for more concentrated SHMP is limited and that the volume

[67] Domestic Industry's Expedited Review Comments at 2-3.
[68] *Original Determination*, USITC Pub. 3984 at 7.
[69] *Original Determination*, USITC Pub. 3984 at 9-10.
[70] *Original Determination*, USITC Pub. 3984 at 10.
[71] *Original Determination*, USITC Pub. 3984 at 10.
[72] Confidential Original Determination, EDIS Doc. 652277 (Mar. 2008) at 19.
[73] *First Review*, USITC Pub. 4410 at 10.
[74] *First Review*, USITC Pub. 4410 at 10.
[75] *First Review*, USITC Pub. 4410 at 10.
[76] Domestic Interested Parties' Response at 16-17.

is small and has not altered the conditions of the competition in the U.S. market.[77] Finally, they claim that price continues to be important in the market.[78]

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 Prior Proceedings

In the original investigation, the Commission found that subject imports accounted for a large and increasing share of U.S. consumption, and increased relative to U.S. production during the period of investigation.[79] The volume of subject imports fluctuated between years, but increased overall from 2004 to 2006.[80] The Commission found that subject imports gained market share largely at the expense of the domestic industry.[81] Accordingly, the Commission found the volume of subject imports to be significant, both in absolute terms and relative to consumption and production in the United States.[82]

In the first five-year review, the Commission found that the likely volume of subject imports both in absolute terms and relative to production and consumption in the United States would be significant if the order was revoked.[83] The Commission based this determination on the significant and growing presence of subject imports in the U.S. market during the original investigation, the Chinese SHMP industry's substantial unused capacity and export orientation, the attractiveness of the large U.S. market to SHMP exporters, and the Chinese industry's continuing relationships with major U.S. importers and distributors of SHMP.[84]

2. The Current Review

In this expedited review, the Commission has relied on the facts on the record, as subject producers in China have declined to participate or furnish information.[85] The

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[77] Domestic Interested Parties' Response at 17.

[78] Domestic Industry's Expedited Review Comments at 4.

[79] The market share of subject imports increased from *** in 2004 to *** in 2006. The ratio of the quantity of subject imports to U.S. production rose steadily from *** in 2004 to *** in 2006. Confidential Original Determination, EDIS Doc. 652277 (Mar. 2008) at 15.

[80] *Original Determination,* USITC Pub. 3984 at 11. The Commission found that the volume of nonsubject imports fluctuated over the period, with an overall increase both in absolute terms and relative to U.S. consumption, but was much smaller than subject imports in absolute terms. *Id.* at 12.

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

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

[83] *First Review*, USITC Pub. 4410 at 12.

[84] *First Review*, USITC Pub. 4410 at 12.

[85] In the original investigation, the Commission found that the official import statistics covering SHMP involved a "basket" category that also contained merchandise outside the scope. The Commission accordingly made adjustments to the import data for the annual periods on the basis of

information available indicates that subject import volumes have been restrained by the order and have declined significantly since imposition of the order in 2008. Subject import volume was *** metric tons in 2006, but only 160 metric tons in 2012 and 168 metric tons in 2017.[86] In 2017, subject imports accounted for only *** percent of apparent U.S. consumption.[87]

Based on data for the advertised production capacity of Chinese firms in 2018, the aggregate annual capacity to produce SHMP in China is estimated to be over 1.3 million metric tons.[88] This level of aggregate capacity reflects a substantial increase from the level indicated in the prior five-year review.[89] Information available in this review also indicates that China is the world's largest exporter of polyphosphates (including, but not limited to, SHMP), accounting for more than 35 percent of global exports in 2017.[90] Moreover, China is the second largest net exporter of SHMP, with its SHMP exports exceeding its imports by over 56,000 metric tons in 2017.[91] Thus, the information available in this review indicates that the SHMP industry in China possesses large production capacity and a strong export orientation.

In addition, Chinese producers have the incentive and ability to ship significant volumes of SHMP to the United States. The United States is one of the world's largest net importers of polyphosphates (including, but not limited to, SHMP), with U.S. polyphosphate imports exceeding exports by over 3,000 metric tons in 2017.[92] Additionally, the domestic interested parties allege that Chinese SHMP producers have strong ties to the U.S. market and well-established channels of distribution.[93] They provided information showing that major U.S. distributors, such as Brenntag, Ecolab, Univar, Valudor, Mays Chemical, and Wenda America are importing polyphosphate products other than SHMP from China.[94] They also point out that Hubei Xingfa, the world's largest producer of SHMP, has repeatedly attempted to reduce its

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information provided by petitioners and importers, but such adjustments were not possible for the interim periods. *Original Determination,* USITC Pub. 3984 at 10 n.67.

In the first five-year review, official import statistics covering SHMP still involved a basket category that contained merchandise outside of the scope. Accordingly, the import data presented in the Commission's report included import data from only those countries believed to have produced SHMP and were derived to the extent possible from export data specific to SHMP. *First Review*, USITC Pub. 4410 at 11 n.45.

Likewise, in this second five-year review, official imports statistics covering SHMP still involve a basket category that contains merchandise outside the scope. Accordingly, the import data presented in tables I-7 (U.S. Imports) and I-8 (U.S. Consumption) of the Commission Staff Report include import data from only those countries believed to have produced SHMP and have been derived to the extent possible from export data specific to SHMP. CR at I-26 to I-27, PR at I-17 to I-18.

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

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

[88] CR/PR at Table I-9, CR at I-33, PR at I-23.

[89] *First Review*, USITC Pub. 4410 at Table I-9. The aggregate annual capacity to produce SHMP in China was estimated to be 479,000 metric tons in 2013. *Id.*

[90] CR/PR at Table I-11.

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

[92] CR/PR at Table I-12. The other large net importers of polyphosphates in 2017 were South Korea (8,271 metric tons), Japan (5,314 metric tons), and India (4,313 metric tons). *Id.*

[93] Domestic Interested Parties' Response at 24.

[94] Domestic Interested Parties' Response at 24, Exhibit 9.

antidumping duty rate through the Commerce administrative review process, which they argue shows that it remains actively interested in returning to the U.S. market.[95] In light of these considerations, we find that the subject producers are likely, absent the restraining effects of the order, to direct significant volumes of SHMP to the U.S. market, as they did during the original investigation.[96]

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

D. Likely Price Effects

1. The Prior Proceedings

In the original investigation, the Commission found consistent and significant price underselling of the domestic like product by subject imports.[97] Subject imports undersold the domestic like product in 57 of 60 quarterly comparisons, by margins of underselling ranging from 5.2 percent to 51.3 percent.[98]

While the Commission found evidence of overall price increases over the period of investigation, both for domestically produced products and for the subject imports, it also found that subject imports prevented domestic price increases that otherwise would have occurred to a significant degree.[99] The Commission found that, as the domestic industry's costs increased and significant volumes of lower priced subject imports entered the market, the domestic producers ***, even though apparent U.S. consumption increased over the period of investigation.[100] The Commission found that U.S. producers' prices were suppressed because of persistent underselling by subject imports, which subjected domestic producers to a cost-price squeeze.[101] The Commission found that evidence of some confirmed lost revenues supported the finding of price suppression.[102] Thus, the Commission found that subject imports had significant adverse effects on domestic prices.[103]

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[95] Domestic Interested Parties' Response at 25. Hubei Xingfa recently moved its North American headquarters to a larger office in Schaumberg, Illinois in order to support increasing demand for polyphosphate products. *Id*. at Exhibit 4.

[96] Because of the expedited nature of this review, the record does not contain information about inventories of the subject merchandise or the subject industry's potential for product shifting.

[97] *Original Determination,* USITC Pub. 3984 at 13.

[98] *Original Determination,* USITC Pub. 3984 at 13.

[99] *Original Determination,* USITC Pub. 3984 at 14.

[100] *Original Determination,* USITC Pub. 3984 at 14.

[101] *Original Determination,* USITC Pub. 3984 at 14.

[102] *Original Determination,* USITC Pub. 3984 at 14.

[103] *Original Determination,* USITC Pub. 3984 at 15.

In the first five-year review, the Commission found that, based on the information available, including the determination in the original investigation, price continued to be an important factor in purchasing decisions and that if the antidumping duty order were revoked, subject imports from China would likely compete in the U.S. market on the basis of price by underselling the domestic like product, as they did during the original investigation.[104] This in turn would likely cause the domestic producers to cut prices or restrain price increases, as occurred during the original investigation, to avoid losing sales.[105] Accordingly, the Commission concluded that subject imports from China would likely engage in significant underselling of the domestic like product to gain market share and would likely have significant depressing or suppressing effects on the price of the domestic like product if the antidumping duty order were revoked.[106]

2. The Current Review

In this expedited review, there is no new product-specific pricing information on the record. The information available in this review indicates that since the imposition of the antidumping duty order in 2008, prices for SHMP in the U.S. market have increased as the volume of subject imports has declined significantly.[107] Based on the information available, including the determinations in the original investigation and first five-year review, we find that imports of SHMP from China and the domestic like product are generally substitutable and price continues to be an important factor in purchasing decisions. If the antidumping duty order were revoked, subject imports from China would likely compete in the U.S. market on the basis of price by underselling the domestic like product, as they did during the original investigation. This in turn would likely cause the domestic producers to cut prices or restrain price increases, as occurred during the original investigation, to avoid losing sales.

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

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[104] *First Review*, USITC Pub. 4410 at 13.

[105] *First Review*, USITC Pub. 4410 at 13.

[106] *First Review*, USITC Pub. 4410 at 13.

[107] CR/PR at Table I-4. While the average unit value ("AUV") of U.S. commercial shipments of SHMP fell from *** per metric ton to *** per metric ton between 2012 and 2017, the AUV in 2017 is still *** the AUV in 2006 of *** per metric ton, which was before the imposition of the antidumping duty order. *Id.* We recognize that a comparison of AUVs may be affected by product mix issues, because different grades and chain lengths of SHMP may sell for different prices. However, there are no known sources of national or regional pricing data for SHMP. Domestic Interested Parties' Response at 31.

E. Likely Impact

1. The Prior Proceedings

In the original investigation, the Commission found that the domestic industry's production, capacity utilization, shipments, and net sales quantity and value all declined overall from 2004 to 2006, but showed some improvements in interim period 2007 (January to September) compared to interim period 2006.[108] Most employment-related indicators, including average number of production-related workers, hours worked, and wages paid for producing SHMP, declined overall.[109] The Commission found that the domestic industry's financial indicators steadily declined from 2004 to 2006.[110] The Commission concluded that subject imports had an adverse impact on the condition of the domestic industry during the period of investigation and that the pattern of consistent underselling, which suppressed domestic prices, had caused declines in the domestic industry's financial performance over the period of investigation.[111]

In the first five-year review, in light of the limited information available with respect to the domestic industry's performance, the Commission did not make a finding on whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.[112] It stated that the information available indicated that the condition of the domestic industry significantly improved since the order was imposed in 2008, despite an increase in cost of goods sold from 2006 to 2012, as well as a decline in apparent U.S. consumption.[113] The Commission found that, should the order be revoked, the likely significant volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry.[114] These declines would likely have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development.[115]

The Commission 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.[116] It acknowledged that nonsubject imports were present in the U.S.

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[108] *Original Determination,* USITC Pub. 3984 at 16.

[109] *Original Determination,* USITC Pub. 3984 at 17.

[110] *Original Determination*, USITC Pub. 3984 at 17. The Commission found that while the domestic industry's financial indicators improved to *** in interim period 2007 compared to interim period 2006, despite the improvements, the industry was still ***. Confidential Original Determination, EDIS Doc. 652277 (Mar. 2008) at 30. In addition, the Commission noted that the *** increase in U.S. inventories of subject imports and continued underselling indicated that any such improvements could be short-lived. *Id.*

[111] *Original Determination,* USITC Pub. 3984 at 18.

[112] *First Review*, USITC Pub. 4410 at 14.

[113] *First Review*, USITC Pub. 4410 at 14.

[114] *First Review*, USITC Pub. 4410 at 14.

[115] *First Review*, USITC Pub. 4410 at 14.

[116] *First Review*, USITC Pub. 4410 at 14.

market since the antidumping duty order was imposed in 2008, but observed that the condition of the domestic industry improved during this period even though demand declined.[117] It found that any increase in subject imports upon revocation would likely be at least in substantial part at the expense of the domestic industry, which was the *** supplier in the U.S. market.[118] In sum, the Commission concluded that, if the antidumping duty order were revoked, subject imports would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.[119]

2. The Current Review

Because this is an expedited review, the information available concerning the domestic industry's condition consists only of 2017 data that the domestic interested parties provided in response to the notice of institution.

Based on the information available, the condition of the domestic industry significantly improved after the order was imposed in 2008, and remains improved at the end of the second review period. Production capacity increased from *** metric tons in 2006, the last full year for which data were collected in the original investigation, to *** metric tons in 2012, the end of the first review period, and then decreased to *** metric tons in 2017, the end of the second review period.[120] Capacity utilization increased *** from *** percent in 2006 to *** percent in 2012 and then to *** percent in 2017.[121] Domestic production increased from *** metric tons in 2006 to *** metric tons in 2012 and *** metric tons in 2017.[122] U.S. commercial shipments increased from *** metric tons in 2006 to *** metric tons in 2012 and *** metric tons in 2017.[123] Net sales increased from *** in 2006 to *** in 2012 and *** in 2017.[124] Operating income improved from a loss of *** in 2006 to profits of *** in 2012 and *** in 2017.[125]

Based on the record of this review, we find that, should the order be revoked, the likely significant volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These declines would likely have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development. Notwithstanding, the limited record in this expedited review is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

We also have considered the role of factors other than subject imports, including the presence of nonsubject imports, so as not to attribute injury from other factors to the subject

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[117] *First Review*, USITC Pub. 4410 at 14.
[118] Confidential First Review, EDIS Doc. 652913 (June 2013) at 21.
[119] *First Review*, USITC Pub. 4410 at 15.
[120] CR/PR at Table I-4.
[121] CR/PR at Table I-4.
[122] CR/PR at Table I-4.
[123] CR/PR at Table I-4.
[124] CR/PR at Table I-4.
[125] CR/PR at Table I-4.

imports. Nonsubject imports have been present in the U.S. market since the antidumping duty order was imposed in 2008; their share of apparent U.S. consumption was *** percent in 2017, a *** higher level than at the end of the first review period.[126] Nevertheless, because subject imports will likely compete head-to-head with the domestic like product upon revocation, any increase in subject imports upon revocation will likely be at least in substantial part at the expense of the domestic industry, the *** supplier to the U.S. market.[127]

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

IV. Conclusion

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

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

[127] U.S. producers accounted for *** percent of apparent U.S. consumption in 2017. CR/PR at Table I-8.

INFORMATION OBTAINED IN THIS REVIEW

BACKGROUND

On June 1, 2018, 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 a review to determine whether revocation of the antidumping duty order on sodium hexametaphosphate ("SHMP") from China would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.[3] [4] The following tabulation presents information relating to the background and schedule of this proceeding:

Effective or statutory date	Action
June 1, 2018	Notice of initiation and institution by Commerce and Commission
September 4, 2018	Commission's vote on adequacy
October 5, 2018	Commerce's results of its expedited review
November 30, 2018	Commission's determination and views

RESPONSES TO THE COMMISSION'S NOTICE OF INSTITUTION

Individual responses

The Commission received one submission in response to its notice of institution in the subject review. It was filed on behalf of ICL Specialty Products Inc. ("ICL") and Innophos, Inc. ("Innophos"), domestic producers of SHMP (collectively referred to herein as "domestic interested parties").

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

[2] *Sodium Hexametaphosphate from China; Institution of a Five-Year Review*, 83 FR 25488, June 1, 2018. In accordance with section 751(c) of the Act, the U.S. Department of Commerce ("Commerce") published a notice of initiation of a five-year review of the subject antidumping order concurrently with the Commission's notice of institution. *Initiation of Five-Year ("Sunset") Reviews*, 83 FR 25436, June 1, 2018. 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.

[4] Interested parties were also requested to provide a list of three to five leading purchasers in the U.S. market for the subject merchandise. Presented in app. D are the responses received from purchaser surveys transmitted to the purchasers identified in the adequacy phase of this review.

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
SHMP: Summary of responses to the Commission's notice of institution

Type of interested party	Completed responses	
	Number	Coverage
Domestic:		
U.S. producer	1	***%[1]
Respondent:		
U.S. importer	0	0
Foreign producer/exporter	0	0

Note: The "number of responses" is the number of physical responses received by the Commission not the number of firms contained in the submissions.

[1] The coverage figure is the share of total U.S. production of SHMP in 2017. In their response to the notice of institution, domestic interested parties stated that they are the only producers of SHMP for commercial sale. In addition, the domestic interested parties noted that one additional firm, Nalco Company, was identified as manufacturing SHMP for captive consumption, but is not known to have any commercial sales of SHMP. Domestic interested parties' response to the notice of institution, July 2, 2018, pp. 29.

Party comments on adequacy

The Commission received one submission from the domestic interested parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. This submission was filed on behalf of the following entities: (1) ICL and (2) Innophos.

Domestic interested parties argued that the Commission should find the respondent interested party group response to be inadequate since there was no complete submission by any respondent interested party. Therefore, because of the inadequate response by the respondent interested parties and the fact that there have been no major changes in the conditions of competition in the market since the Commission's last five-year review, they request that the Commission conduct an expedited review of the antidumping duty order on SHMP from China.[5]

[5] Domestic interested parties' comments on adequacy, August 14, 2018, p. 3.

THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

The original investigation

The original investigation resulted from a petition filed on February 8, 2007 with Commerce and the Commission by ICL, St. Louis, Missouri and Innophos, Cranberry, New Jersey. On February 4, 2008, Commerce determined that imports of SHMP from China were being sold at less than fair value ("LTFV").[6] The Commission determined on March 12, 2008 that the domestic industry was materially injured by reason of LTFV imports of SHMP from China.[7] On March 19, 2008, Commerce issued its antidumping duty order with the final weighted-average dumping margins ranging from 92.02 to 188.05.[8]

The first five-year review

On May 7, 2013, the Commission determined that it would conduct an expedited review of the antidumping duty order on SHMP from China. On June 11, 2013, Commerce published its determination that revocation of the antidumping duty order on SHMP from China would likely lead to the continuation or recurrence of dumping.[9] On June 28, 2013, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.[10] Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective July 17, 2013, Commerce issued a continuation of the antidumping duty order on imports of SHMP from China.[11]

PREVIOUS AND RELATED INVESTIGATIONS

Apart from the original investigation and the first five-year review, the Commission has not previously conducted an import injury investigation concerning SHMP. However, the Commission has previously conducted investigations concerning phosphoric acid from which SHMP is manufactured. An antidumping order and countervailing duty order with respect to industrial phosphoric acid from Israel and an antidumping duty order with respect to industrial

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

[7] *Sodium Hexametaphosphate from China*, 73 FR 14485, March 18, 2008.

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

[9] *Sodium Hexametaphosphate From the People's Republic of China: Final Results of Expedited First Sunset Review of the Antidumping Duty Order*, 78 FR 34989, June 11, 2013.

[10] *Sodium Hexametaphosphate From China; Determination*, 78 FR 40505, July 5, 2013.

[11] *Sodium Hexametaphosphate From the People's Republic of China: Continuation of Antidumping Duty Order*, 78 FR 42754, July 17, 2013.

phosphoric acid from Belgium were issued in August 1987. The orders were revoked effective January 1, 2000.

ACTIONS AT COMMERCE

Commerce has not conducted any changed circumstances reviews, critical circumstances reviews, or anti-circumvention findings since the completion of the last five-year review. In addition, Commerce has not made any duty absorption findings or issued any company revocations or scope rulings since the imposition of the order.

Commerce's administrative reviews

Commerce has completed three administrative reviews of the outstanding dumping duty order on SHMP from China. The results of the reviews are listed in table I-2.[12]

Table I-2
SHMP: Administrative reviews of the antidumping duty order

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

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

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

Source: Cited Federal Register Notices.

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

THE PRODUCT

Commerce's scope

In the current proceeding, Commerce has defined the scope as follows:

> The merchandise subject to this investigation is sodium hexametaphosphate (''SHMP''). SHMP is a water-soluble polyphosphate glass that consists of a distribution of polyphosphate chain lengths. It is a collection of sodium polyphosphate polymers built on repeating NaPO3 units. SHMP has a P2O5 content from 60 to 71 percent. Alternate names for SHMP include the following: Calgon; Calgon S; Glassy Sodium Phosphate; Sodium Polyphosphate, Glassy; Metaphosphoric Acid; Sodium Salt; Sodium Acid Metaphosphate; Graham's Salt; Sodium Hex; Polyphosphoric Acid, Sodium Salt; Glass H; Hexaphos; Sodaphos; Vitrafos; and BAC-N-FOS. SHMP is typically sold as a white powder or granule (crushed) and may also be sold in the form of sheets (glass) or as a liquid solution. It is imported under heading 2835.39.5000, HTSUS. It may also be imported as a blend or mixture under heading 3824.90.3900, HTSUS. The American Chemical Society, Chemical Abstract Service (''CAS'') has assigned the name ''Polyphosphoric Acid, Sodium Salt'' to SHMP. The CAS registry number is 68915–31–1. However, SHMP is commonly identified by CAS No. 10124–56–8 in the market. For purposes of the investigation, the narrative description is dispositive, not the tariff heading, CAS registry number or CAS name. The product covered by this investigation includes SHMP in all grades, whether food grade or technical grade. The product covered by this investigation includes SHMP without regard to chain length i.e., whether regular or long chain. The product covered by this investigation includes SHMP without regard to physical form, whether glass, sheet, crushed, granule, powder, fines, or other form, and whether or not in solution. However, the product covered by this investigation does not include SHMP when imported in a blend with other materials in which the SHMP accounts for less than 50 percent by volume of the finished product.[13]

U.S. tariff treatment

SHMP is classified in the Harmonized Tariff Schedule of the United States ("HTS") under subheading 2835.39.50 and is dutiable at a column 1-general rate of 3.7 percent ad valorem, which applies to imports from China. The subject merchandise may also be imported as a blend or mixture under HTS subheading 3824.90.39. The column I-general duty rate for merchandise imported from China under HTS subheading 3824.90.39 is "free."[14]

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[13] *Sodium Hexametaphosphate From the People's Republic of China: Continuation of Antidumping Duty Order*, 78 FR 42754, July 17, 2013.

[14] HTS subheadings 2835.39.50 and 3824.90.39 are residual or "basket" categories that include not only subject SHMP but also include nonsubject merchandise. For example, goods imported under HTS subheading 2835.39.50 also include nonsubject polyphosphates, such as sodium acid pyrophosphate

Description and uses[15]

SHMP[16] is a translucent, solid material that is used as an input into the production of many industrial and consumer products, such as in water treatment, food and beverage production, and clay processing, among other applications. It is a glassy phosphate that may easily be dissolved in water, a characteristic which no other phosphate shares. The product has a unique chemical formula and its own CAS number (68915-31-1).[17] It is a non-combustible material with no significant environmental effects. It has low oral toxicity and may cause minor irritation to skin, eyes, and the respiratory tract. SHMP is typically packaged in 50- or 100-pound bags or in "supersacks" that can hold up to 2,400 pounds of product. The bags are often lined with plastic to reduce the amount of moisture absorbed by the SHMP. SHMP has a shelf life of about 18 months, regardless of chain length, because it loses effectiveness as it absorbs moisture from the air. Expired SHMP can be recycled to produce a fresh (technical grade) product. Each package of SHMP is accompanied by a certificate of analysis that lists the properties, such as P_2O_5 content, average chain length, particle size, and maximum levels of impurities.

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

In the previous five-year review, the Commission sent purchasers questionnaires to five firms identified by the domestic producers as leading purchasers of SHMP in the U.S. market: {***}.[18] The Commission asked about changes in the conditions of competition that had occurred or that would occur within a reasonably foreseeable time. Two firms submitted responses: ***. *** reported that there had been no changes in the end uses and applications

("SAPP"), and goods imported under HTS subheading 3824.90.39 include other nonsubject mixtures of two or more inorganic compounds.

[15] Unless otherwise noted, the discussion in this section is from the final staff report, supplemented with information on the record, in the first five-year review. *Sodium Hexametaphosphate from China,* Inv. No. 731-TA-1110 (Final), USITC Pub. 3984 (Mar. 2008), p. I-5 – 21, II-2 – II-9, and III-13.

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

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

[18] Inv. No. 731-TA-1110 (Review), USITC Pub. 4410 (June 2013), p. I-6. and *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-LL-037, May 31, 2013, p. 8.

of SHMP in the U.S. market or in the market for SHMP in China since 2008. *** reported that there has been an increase in the demand for SHMP in the personal health care, pet care, and foods markets in the United States since 2008. *** purchaser anticipated any changes in the end uses and applications of SHMP in the U.S. market or in the market for SHMP in China within a reasonably foreseeable time.

In the current five-year review, domestic interested parties noted in their response to the Commission's notice of institution that demand for SHMP is driven by use in various downstream applications such as water treatment, food and beverage, and industrial applications. They noted that there has been modest growth in demand for SHMP for use in water treatment and food and beverage, but declines in demand for use in industrial applications.[19] Furthermore, they noted that there are no significant new applications for SHMP.[20]

The Commission sent purchaser questionnaires asking about recent and anticipated changes to the supply and demand conditions to the five leading domestic purchasers of SHMP identified by the domestic producers: ***. Three firms submitted responses: ***. *** reported that environmental policies in China have constrained the supply of materials required in the production of SHMP, reducing supply. This reduction in supply in the face of steady demand has caused pricing to increase on phosphorous based products from China. *** purchasers reported that they expect to see supply constraints in the near future in the U.S. as a result of more expensive inputs.[21]

SHMP can generally be differentiated by four characteristics: grade, chain length designation, P_2O_5 content, and particle size. Table I-3 presents information on the types and certain characteristics of SHMP used for various applications.

Table I-3
SHMP: Applications by product type

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

Source: *Sodium Hexametaphosphate from China,* Inv. No. 731-TA-1110 (Final), USITC Pub. 3984 (Mar. 2008), p. I-9.

[19] Domestic interested parties' response to the notice of institution, July 2, 2018, pp. 15-16.
[20] Domestic interested parties' response to the notice of institution, July 2, 2018, p. 17.
[21] See Appendix D.

Grades of SHMP

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

Food grade

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

Food grade SHMP is used in a variety of beverages, dairy and meat products, and dental applications (toothpastes, mouth rinses, and whiteners). In fruit juices, juice-based drinks, sport drinks, ready-to-drink teas, and carbonated beverages, SHMP helps to enhance flavors, extend shelf life, and improve clarity and carbonation. In dairy-based beverages, SHMP protects proteins and disperses solids. Food grade SHMP is also used to provide protein stabilization and flavor enhancement in dairy-based foams and processed cheese. In the processing of meats, seafood, and poultry, SHMP is used with other sodium phosphates to retain moisture, enhance flavor, and increase shelf life. In dental care products, SHMP removes calcium from stains on teeth, which allows the protein and carbohydrate components of stains to be removed more easily.

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

Technical grade

Technical grade SHMP is used in water treatment, personal care products, pet food, and other industrial applications, such as clay (kaoling) processing, drilling fluids, and cleaning products. When added to a municipal or industrial water system, SHMP helps to reduce scale formation, corrosion, lead copper leaching, and biofilm formation in pipes and other equipment. SHMP added to potable water sequesters certain metal oxides, thereby eliminating objectionable colors from the water. It is used in canned pet foods for protein stabilization and moisture retention and in dry pet foods to reduce tartar buildup on pets' teeth. In clay processing and drilling fluids, SHMP sequesters metal ions in clay slurries and drilling fluids that

would otherwise cause clay particles to stick together and form clumps. By eliminating these clumps, SHMP improves the flow properties of the clay slurries and drilling fluid and eases the handling of these fluids. SHMP is added to some industrial cleaners such as the ones used to clean the exteriors of transportation vehicles, particularly trucks and buses. In bath salts, SHMP helps to soften the water and adjust pH. The use of SHMP in bath salts is the source of one of its common names, Calgon®.

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

Chain length

SHMP consists of chains of repeating phosphate units, which have negative charges, and positively charged sodium ions. The chemical formula for SHMP can be written as $Na_{n+2}+P_nO_{3n+1}$, where different values of *n* represent phosphate chains of different lengths. For example, *n* = 10 is a polyphosphate consisting of 12 sodium (Na) atoms, 10 phosphorus (P) atoms, and 31 oxygen (O) atoms. Commercial SHMP comprises various lengths of polyphosphate chains with values of *n* ranging from 5 to 20 or higher. In the market, SHMP is often designated as either "regular chain" or "long chain." Regular chain SHMP consists of approximately 10 links per molecule, whereas long chain consists of about 20 links per molecule. The Commission's report in the original investigation stated that Chinese-manufactured SHMP was typically in chain lengths of 17 to 26 links compared to available U.S. product of 9 to 16 chain length.

Different customers may specify different chain-length SHMP based on the end use and specific chemical formula required. Most customers specify one or the other, but some will purchase SHMP from either chain range.[22] Long chain SHMP is typically used in beverage, dental, and some meat and clay mining applications. Regular chain SHMP is typically used in more industrial applications, as well as some meat, beverage, and dental applications. Although both regular and long chain SHMP may be used in beverage applications, some beverage producers prefer to use long chain SHMP because it increases the shelf life of their product compared to regular chain SHMP.

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

P_2O_5 content

The P_2O_5 content for SHMP is closely related to the chain length designation.[23] Higher P_2O_5 content corresponds to a longer average polyphosphate chain length. Therefore, product designated as long chain SHMP will have a higher percentage of P_2O_5 content than regular chain SHMP. The P_2O_5 content of SHMP can vary from 60 percent to approximately 71 percent. P_2O_5 content is also related to the pH of SHMP, with lower P_2O_5 content corresponding to higher pH.

Particle sizes of SHMP

SHMP is produced in different particle sizes: glass, granular, and powder. Glass particle size SHMP typically has particles that are one-half of an inch in length and width and one-eighth of an inch in thickness. Granular SHMP typically has particles with diameters that are between 149 and 841 microns, whereas the particles of SHMP powder are mostly less than 149 microns in diameter.[24] SHMP can also be sold in the form of an aqueous solution. The Commission's report in the original investigation stated that particle size is an important purchasing factor in that purchasers tend to prefer granular SHMP, as opposed to powdered SHMP, because it flows better in their processes.

Excluded SHMP blends

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

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

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

Manufacturing process[25]

The production of SHMP is an energy-intensive process that typically uses wet phosphoric acid and soda ash, or caustic soda, as raw materials.[26] The raw materials are mixed to form a slurry of monosodium orthophosphate, which is then fed into a furnace. Natural gas is used to heat the furnace to a temperature between 800 and 1,100 degrees Celsius. In the furnace, water is boiled off and the monosodium orthophosphate reacts to form molten SHMP, which is removed from the furnace and quickly solidifies into a glassy sheet as it cools. The sheet of solid SHMP is broken into large chunks, which are further milled to produce the granular and powdered products.

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

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

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

The purchasers that responded to the Commission's survey in the previous five-year review reported that there had not been any changes in technology, production methods, or

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[25] Unless otherwise noted, the discussion in this section is from the final staff report, and is supplemented with information on the record, in the first five-year review. *Sodium Hexametaphosphate from China,* Inv. No. 731-TA-1110 (Final), USITC Pub. 3984 (Mar. 2008), pp. I-11–I-13, II-2–II-3, III-5, V-1, and VI-2, and Table I-1, and *Investigation No. 731-TA- 1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INV-FF-014, February 11, 2008, pp. I-14 – I-15, I-19, II-2, III-14, V-1, and VI-8, and table I-1.

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

development efforts to produce SHMP that affected the availability of SHMP in the U.S. market or in the market for SHMP in China since 2008. Further, they responded that they did not anticipate any such changes within a reasonably foreseeable time. *** reported that the only production change that had occurred that affected the availability of SHMP in the market since 2008 was that industrial phosphate producers worldwide shifted their focus to sodium and calcium specialty phosphates, as large customers like *** began to eliminate sodium tripolyphosphate ("STPP") from consumer dish detergents based on changes in environmental law.[27] Purchasers that responded to the Commission's questionnaires in the current five-year review did not mention any changes in technology, production methods, or development efforts to produce SHMP that affected supply in the U.S. or Chinese market. *** mentioned that changes to environmental policy in China have caused and are anticipated to cause constraints to inputs resulting in higher production costs and higher final pricing of SHMP.

THE INDUSTRY IN THE UNITED STATES

U.S. producers

During the final phase of the original investigation, it was determined that ICL and Innophos were the only U.S. manufacturers of SHMP for commercial sale, although a third firm, Nalco, was reported by the commission to have produced small volumes of SHMP for internal consumption.[28] The Commission received producer questionnaires from ICL and Innophos which accounted for *** percent of production of SHMP in the United States during the period examined.[29]

During the first five-year expedited review, the Commission received a joint response to the Commission's notice of institution from U.S. producers ICL and Innophos, which indicated that they were the only known U.S. producers of SHMP in the United States at that time.[30]

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[27] The domestic producers indicated in their response to the Commission's notice of institution in this five-year review that China currently supplies STPP and SAPP to a variety of U.S. consignees (e.g., Brenntag, Univar, Wego) and other chemical distributors. They noted that production of STPP and SAPP involves the same raw materials as the production of SHMP and differs in the manufacturing process only in the use of a high-temperature furnace for SHMP that is not required for STPP or SAPP production. The domestic producers argued that Chinese producers continue to supply U.S. imports of other sodium phosphates and that the importers of these products would provide immediate access to the U.S. market for Chinese SHMP. Domestic interested parties' response to the notice of institution, July 2, 2018, pp. 24-25.

[28] *Sodium Hexametaphosphate from China,* Inv. No. 731-TA-1110 (Review), USITC Pub. 4410 (June, 2013), p. I-14.

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

[30] *Sodium Hexametaphosphate from China,* Inv. No. 731-TA-1110 (Review), USITC Pub. 4410 (June, 2013), p. I-14.

In response to the Commission's notice of institution in this current review, domestic interested parties listed ICL and Innophos as the only U.S. producers of SHMP for commercial sale. A third company, Nalco Company, was identified as possibly producing SHMP, but solely for internal consumption.[31]

Recent developments

There have been no major developments in the SHMP industry in the U.S. since the Commission's previous five-year review.

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 review.[32] Table I-4 presents a compilation of the financial and trade data submitted from ICL and Innophos in the original investigation, the first five-year review, and this current five-year review. These figures account for essentially all domestic U.S. production of SHMP.

The domestic interested parties indicated in their response to the notice of institution of this current five-year review that the condition of the domestic industry improved as a result of the antidumping order in 2008.[33] The data provided for 2017 compared to 2012 shows much smaller changes than when comparing 2012 data to 2006 data. Domestic capacity ***. The average unit value of U.S. shipments ***. Although the domestic industry at the time of the original investigation in 2006 ***.

[31] Domestic interested parties' response to the notice of institution, July 2, p. 29.

[32] Individual company trade and financial data are presented in app. B.

[33] Domestic interested parties' response to the notice of institution, July 2, 2018, pp. 31-32.

Table I-4
SHMP: Trade and financial data submitted by U.S. producers, 2006, 2012, and 2017

Item	2006	2012	2017
Capacity (metric tons)	***	***	***
Production (metric tons)	***	***	***
Capacity utilization (percent)	***	***	***
U.S. commercial shipments: Quantity (metric tons)	***	***	***
Value ($1,000)	***	***	***
Unit value (dollars per metric ton)	***	***	***
Internal consumption/company transfers: Quantity (metric tons)	***	***	***
Value ($1,000)	***	***	***
Unit value (dollars per metric ton)	***	***	***
Total U.S. shipments: Quantity (metric tons)	***	***	***
Value ($1,000)	***	***	***
Unit value (dollars per metric ton)	***	***	***
Net sales ($1,000)	***	***	***
COGS ($1,000)	***	***	***
COGS/net sales	***	***	***
Gross profit or (loss) ($1,000)	***	***	***
SG&A expenses ($1,000)	***	***	***
Operating income or (loss) ($1,000)	***	***	***
Operating income (loss)/net sales (percent)	***	***	***

Source: Investigation No. 731-TA-1110 (Review): Sodium Hexametaphosphate from China–Staff Report, INV-LL-037, May 31, 2013, table I-4; and Response of the domestic interested parties to the Commission's Cure Letter, July 17, 2018, exhibit.

DEFINITIONS OF THE DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a related party for purposes of its injury determination if "appropriate circumstances" exist.[34]

In its original determination and its expedited first five-year review determination, the Commission defined a single domestic like product consisting of SHMP, in all grades, chain lengths, and particle sizes, to be coextensive with Commerce's scope, and it defined a single

[34] Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

domestic industry consisting of all domestic producers of SHMP.[35] In its notice of institution for this review, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definitions of the domestic like product and domestic industry and inquired as to whether any related parties issues existed. In their response to the Commission's Notice of Institution[36] of this current five-year review, domestic interested parties, agreed with the Commission's definitions of the domestic like product and domestic industry as stated in the original investigation, but that they reserved the right to comment on what they believe to be the appropriate definitions during the course of the proceeding.[37]

U.S. IMPORTS AND APPARENT U.S. CONSUMPTION

U.S. importers

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from 12 firms, which accounted for the majority of U.S. imports of SHMP from China in 2006.[38]

Although the Commission did not receive responses from any respondent interested parties in its expedited first five-year review, the domestic interested parties provided a list of 27 firms that may have imported SHMP from China.[39]

In this current review, the Commission again did not receive responses from any respondent interested parties, however, the domestic interested parties provided a list of 30 potential U.S. importers of SHMP.[40]

U.S. imports

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

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[35] In the final phase of the original investigation, no party advocated defining the domestic like product differently. *Sodium Hexametaphosphate From China*, Inv. No. 731-TA-1110 (Final), USITC Publication 3984 (March 2008), p. 6 and *Sodium Hexametaphosphate From China*, Inv. No. 731-TA-1110 (Review), USITC Publication 4410 (June 2013), p. 5-6.

[36] *Sodium Hexametaphosphate From China; Institution of a Five-Year Review*, 83 FR 25488, June 1, 2018.

[37] Domestic interested parties' response to the notice of institution, July 2, p. 32.

[38] *Sodium Hexametaphosphate from China,* Inv. No. 731-TA-1110 (Review), USITC Pub. 4410 (June 2013), p. I-17.

[39] Ibid.

[40] Domestic interested parties' response to the notice of institution, July 2, 2018, exh. 10.

Official U.S. import statistics for polyphosphates, other than sodium triphosphate (sodium tripolyphosphate), (HTS statistical reporting number 2835.39.5000) for annual periods 2013-17 are presented in table I-5.

Table I-5
Polyphosphates (other than sodium triphosphate (sodium tripolyphosphate)): U.S. imports from all sources, 2013-17

Item	2013	2014	2015	2016	2017
			Quantity (metric tons)		
China	3,538	3,778	2,696	2,349	2,478
Nonsubject countries:					
Canada	45,120	46,082	60,959	17,695	14,700
Thailand	4,329	5,817	6,081	5,488	5,643
Germany	3,309	3,644	3,123	3,479	5,159
Mexico	3,305	2,160	863	2,340	3,376
Israel	7,001	7,938	7,810	4,336	2,751
Russia	0	0	11,173	0	0
All other sources	2,738	4,398	3,965	4,630	4,220
Subtotal, nonsubject	65,801	70,038	93,975	37,968	35,849
Total imports	69,339	73,817	96,671	40,317	38,327
			Landed, duty-paid value ($1,000)		
China	7,863	7,878	6,069	5,572	5,905
Nonsubject countries:					
Canada	35,966	32,949	40,626	23,541	19,184
Thailand	7,539	9,773	10,194	8,463	8,725
Germany	11,900	11,673	10,471	11,219	16,121
Mexico	5,177	3,351	1,162	3,613	4,758
Israel	9,910	11,061	11,352	6,152	3,730
Russia	0	0	6,357	0	0
All other sources	8,662	14,259	9,051	10,448	9,357
Subtotal, nonsubject	79,154	83,066	89,213	63,435	61,875
Total imports	87,017	90,943	95,282	69,007	67,780

Table continued on following page.

Table I-5--Continued
Polyphosphates (other than sodium triphosphate (sodium tripolyphosphate)): U.S. imports from all sources, 2013-17

Item	2013	2014	2015	2016	2017
			Unit value (dollars per metric ton)		
China	2,223	2,085	2,251	2,372	2,383
Nonsubject countries:					
Canada	797	715	666	1,330	1,305
Thailand	1,742	1,680	1,676	1,542	1,546
Germany	3,596	3,204	3,353	3,225	3,125
Mexico	1,567	1,551	1,346	1,544	1,409
Israel	1,416	1,393	1,453	1,419	1,356
Russia	0	0	569	0	0
All other sources	3,164	3,242	2,283	2,257	2,218
Average, nonsubject	1,203	1,186	949	1,671	1,726
Average, all countries	1,255	1,232	986	1,712	1,768
			Share of quantity (percent)		
China	5.1	5.1	2.8	5.8	6.5
Nonsubject countries:					
Canada	65.1	62.4	63.1	43.9	38.4
Thailand	6.2	7.9	6.3	13.6	14.7
Germany	4.8	4.9	3.2	8.6	13.5
Mexico	4.8	2.9	0.9	5.8	8.8
Israel	10.1	10.8	8.1	10.8	7.2
Russia	0.0	0.0	11.6	0.0	0.0
All other sources	3.9	6.0	4.1	11.5	11.0
Subtotal, nonsubject	94.9	94.9	97.2	94.2	93.5
Total	100.0	100.0	100.0	100.0	100.0

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

Source: Compiled from official Commerce statistics for HTS statistical reporting number 2835.39.5000. These data may be overstated, as HTS 2835.39.5000 is a basket category that may contain products outside the scope of this review.

In the final phase of the original investigation, the Commission noted that the official import statistics covering SHMP involved a basket category and made appropriate adjustments to certain import data on the basis of evidence provided by the petitioners and in responses to importers' questionnaires.[41] Specifically, Commerce statistics were adjusted to exclude all U.S. imports from Canada, Iceland, Israel, and Taiwan because there was reportedly no production of SHMP in those countries. U.S. imports from Japan under HTS number 2835.39.5000 were found to be minimal and U.S. imports from Spain under the HTS number 2835.39.5000 were found to be of product other than SHMP (primarily ammonium polyphosphate). Commission staff further determined during the course of the original investigation that *** U.S. imports from Germany and the United Kingdom were of polyphosphate products not including SHMP.

[41] Import data collected in the Commission's original investigation for 2006 and the first five-year review for 2012 are reproduced from the original respective reports.

The Commission's report stated that nearly all items imported from China under HTS statistical reporting number 2835.39.5000 during the original investigation consisted of subject SHMP and that Mexico was the most significant source of SHMP from nonsubject countries at that time. Commerce statistics were similarly adjusted for the previous five-year review. Commission staff reported in the original investigation that U.S. imports from China increased 6.7 percent from 19,695 metric tons in 2004 to 21,017 metric tons in 2006. They were 41.1 percent higher during January-September 2007 (19,132 metric tons) than reported in January-September 2006 (13,557 metric tons). Subject imports from China accounted for between 78.1 percent and 85.4 percent of total U.S. imports from all countries during the period examined in the original investigation.

Table I-6 below shows SHMP exports by source as reported to Global Trade Atlas and in the official U.S. import statistics. China began reporting SHMP specific trade data in 2009 under subheadings 2838.39.11 (Other SHMP) and 2835.39.19 (Food Grade SHMP). Thailand and Mexico also report data specific to SHMP under subheadings 2835.39.90001 and 2835.39.02, respectively. Although represented in table I-5 as large importers of polyphosphates to the United States, Canada, Israel, and Russia are believed to not produce SHMP and thus have been excluded in table I-6. Since the previous five-year review, the United Kingdom and Australia are believed to have ceased production of SHMP and are also excluded. Czech Republic is believed to have produced SHMP during 2013-17 and are thus included in the table. Belgium, India, and Japan are also believed to have produced SHMP during this period and comprise the "All other sources" rows of the table.[42]

[42] IHS Chemical "Industrial Phosphates Chemical Economics Handbook", February 2016, p. 76, 84, 86, 92, 94, 98, 119, and 121.

Table I-6
SHMP: Exports from China, Thailand and Mexico to the U.S. and U.S. imports for the remaining sources, 2013-17

Item	2013	2014	2015	2016	2017
			Quantity (metric tons)		
China	257	217	182	235	168
Nonsubject countries:					
Germany	3,306	3,645	3,123	3,479	5,158
Thailand	3,900	5,183	4,622	4,713	4,926
Kazakhstan	38	726	867	1,481	2,048
Mexico	2,201	3,423	2,658	1,611	1,910
France	815	925	839	972	998
Czech Republic	626	1,141	1,507	1,295	308
All other sources	232	66	164	252	154
Subtotal, nonsubject	10,969	15,074	13,681	13,661	15,494
Total imports	11,226	15,292	13,863	13,896	15,662
			Value ($1,000)		
China	257	267	193	212	181
Nonsubject countries:					
Germany	10,815	11,681	10,471	11,219	16,119
Thailand	6,113	7,873	6,957	6,686	7,061
Kazakhstan	57	1,157	1,288	2,083	2,858
Mexico	3,792	5,471	4,284	2,565	2,771
France	1,993	2,346	1,948	2,189	2,060
Czech Republic	1,116	2,024	2,628	1,913	489
All other sources	661	380	515	1,140	842
Subtotal, nonsubject	23,893	30,436	27,680	26,892	32,006
Total imports	24,150	30,703	27,873	27,104	32,187

Table continued on following page.

Table I-6--Continued
SHMP: Exports from China, Thailand and Mexico to the U.S. and U.S. imports for the remaining sources, 2013-17

Item	2013	2014	2015	2016	2017
	Unit value (dollars per metric ton)				
China	999	1,227	1,061	902	1,077
Nonsubject countries:					
Germany	2,758	2,704	2,931	2,765	2,704
Thailand	1,567	1,519	1,505	1,419	1,433
Kazakhstan	1,430	1,435	1,308	1,276	1,274
Mexico	1,723	1,598	1,612	1,592	1,451
France	2,369	2,521	2,369	2,198	2,089
Czech Republic	1,587	1,576	1,545	1,431	1,386
All other sources	3,193	5,471	2,956	4,840	5,297
Average, nonsubject	2,152	2,012	1,967	1,957	1,968
Average, all countries	2,131	2,002	1,956	1,941	1,959
	Share of quantity (percent)				
China	2.3	1.4	1.3	1.7	1.1
Nonsubject countries:					
Germany	29.4	23.8	22.5	25.0	32.9
Thailand	34.7	33.9	33.3	33.9	31.5
Kazakhstan	0.3	4.7	6.3	10.7	13.1
Mexico	19.6	22.4	19.2	11.6	12.2
France	7.3	6.0	6.0	7.0	6.4
Czech Republic	5.6	7.5	10.9	9.3	2.0
All other sources	2.1	0.4	1.2	1.8	1.0
Total, nonsubject	97.7	98.6	98.7	98.3	98.9
Total, all countries	100.0	100.0	100.0	100.0	100.0

Note.--Canada, Israel, and Russia are believed to not produce SHMP and thus have been excluded, as have the United Kingdom and Australia, which are believed to have ceased production of SHMP prior to 2013.

Source*: Global Trade Atlas* export data for China (2835.39.11 and 2835.39.19), Thailand (2835.39.90001), and Mexico (2835.39.02), official Commerce statistics for all others (HTS statistical reporting number 2835.39.5000). HTS subheading 2835.39.5000 is a basket category and may include products outside the scope of this investigation. As a result, some figures may be overstated.

Following the imposition of the antidumping duty order, subject imports from China dropped and have remained stable and well below their pre-2007 levels. During the years 2013-17, subject imports from China as a percentage of total imports peaked at 2.3 percent in 2013 with a low of 1.1 percent in 2017. Subject imports from China in absolute terms during that period ranged from a high of 257 metric tons to a low of 168 metric tons. Germany accounted for the largest single source of subject imports in 2017 at 32.9 percent, however, that figure is based on basket category reporting and may be overstated. Thailand was the second largest at 34.7 percent using data specific to SHMP.

Apparent U.S. consumption and market shares

Table I-7 presents data on U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, while table I-8 presents data on U.S. market shares of U.S. apparent consumption. The domestic interested parties noted in their response to the institution that subject imports from China declined significantly after the antidumping duty order went into effect in March 2008. Domestic producers' market share, based on quantity, increased from *** percent of U.S. consumption in 2006 to *** percent in 2012 and has since *** to *** percent in 2017. The market share of U.S. imports from Germany increased the most of any import source, from *** percent in 2006 to *** percent in 2017.

Table I-7
SHMP: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 2006, 2012, and 2017

Item	2006	2012	2017
		Quantity (metric tons)	
U.S. producers' U.S. shipments	***	***	***
U.S. imports from—			
China	***	160	168
Germany	***	3,342	5,159
Mexico	***	1,770	1,910
All other sources	***	7,942	8,425
Total imports	***	13,214	15,662
Apparent U.S. consumption	***	***	***
		Value (1,000 dollars)	
U.S. producers' U.S. shipments	***	***	***
U.S. imports from—			
China	***	209	181
Germany	***	10,518	16,119
Mexico	***	3,416	2,771
All other sources	***	14,767	13,116
Total imports	***	28,910	32,187
Apparent U.S. consumption	***	***	***

Source: For the years 2006 and 2012, data are compiled using data submitted in the Commission's original investigation and the first five-year review. *See app. C*. For the year 2017, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution. U.S. imports from China, Mexico, and Thailand are compiled from *Global Trade Atlas* export data. All other U.S. imports are compiled from official Commerce statistics under HTS statistical reporting number 2835.39.5000. HTS subheading 2835.39.5000 is a basket category and may include products outside the scope of this investigation. As a result, some figures may be overstated.

Table I-8
SHMP: Apparent U.S. consumption and U.S. market shares, 2006, 2012, and 2017

Item	2006	2012	2017
		Quantity (metric tons)	
Apparent U.S. consumption	***	***	***
		Value (1,000 dollars)	
Apparent U.S. consumption	***	***	***
		Share of consumption based on quantity (percent)	
U.S. producer's share	***	***	***
U.S. imports from--			
China	***	***	***
Germany	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Total imports	***	***	***
		Share of consumption based on value (percent)	
U.S. producer's share	***	***	***
U.S. imports from--			
China	***	***	***
Germany	***	***	***
Mexico	***	***	***
All other sources	***	***	***
Total imports	***	***	***

Source: For the years 2006 and 2012, data are compiled using data submitted in the Commission's original investigation and the first five-year review. *See app. C*. For the year 2017, U.S. producers' U.S. shipments are compiled from the domestic interested parties' response to the Commission's notice of institution. U.S. imports from China, Mexico, and Thailand are compiled from *Global Trade Atlas* export data. All other U.S. imports are compiled using official Commerce statisticsunder HTS statistical reporting number 2835.39.5000.

THE INDUSTRY IN CHINA

During the final phase of the original investigation, the Commission received foreign producer/exporter questionnaires from two firms, Hubei Xingfa Chemical Group Company, Ltd. ("Hubei Xingfa") and Sichuan Mianzhu Norwest Phosphate Chemical Co. ("Sichuan Mianzhu Norwest"), which accounted for over *** percent of production of SHMP from China during 2006, and over *** percent of exports from China to the United States of SHMP during 2006.[43]

[43] *Investigation No. 731-TA-1110 (Final): Sodium Hexametaphosphate from China—Staff Report*, INVFF-014, February 11, 2008, p. VII-5.

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties provided a list of 14 firms that they believed to produce SHMP in China.[44]

In this current five-year review, the Commission again did not receive responses from respondent interested parties, however, the domestic interested parties provided a list of 14 firms that they believe to produce SHMP in China.[45]

Capacity and production

In the original investigation, both responding Chinese producers Hubei Xingfa and Sichuan Mianzhu Norwest reported production of food grade SHMP and technical grade SHMP in a wide range of chain lengths. Hubei Xingfa (the larger of the two SHMP producers) reported manufacturing a broad range of phosphate chemicals, including SHMP. The firm reported manufacturing SHMP in a fully integrated production operation by first mining phosphate rock, converting the ore to the elemental (yellow) phosphorus, and processing it into the upstream phosphoric acid used to produce SHMP. Hubei Xingfa indicated, however, that most Chinese producers were not integrated at that time, but began the manufacturing process either with elemental phosphorus (which was then converted to phosphoric acid) or directly with locally purchased phosphoric acid.[46]

Hubei Xingfa, the largest producer of SHMP in China during the original investigation, accounted for *** percent of the total production of SHMP in China and *** percent of the exports to the United States in 2006. The firm reported an annual SHMP production capacity of *** metric tons and exports of *** metric tons of SHMP to the United States during 2006. Hubei Xingfa was the *** supplier for *** reporting U.S. importers in the original investigation.[47]

Domestic producers also presented in their response to the notice of institution in this review data regarding advertised production capacity of SHMP of Chinese firms. This annualized capacity data was retrieved from Alibaba and is presented in Table I-9 below. Domestic producers noted that Chinese producer capacity of SHMP is well over 1.3 million metric tons per year.[48]

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[44] *Sodium Hexametaphosphate From China*, Inv. No. 731-TA-1110 (Review), USITC Publication 4410 (June 2013), p. I-26.

[45] Domestic interested parties' response to the notice of institution, July 2, 2018, exh. 11.

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

[47] *Ibid.*, pp. VII-4 – VII-5.

[48] Domestic interested parties' response to the notice of institution, July 2, 2018, p. 27.

Table I-9
SHMP: China producers' advertised production capacity, 2018

Producer	SHMP Product Grade			Capacity (metric tons/year)
	Industrial	Technical	Food	
Jiangsu Kood Food Ingredient	x	x	x	240,000
Lubon Industry	x		x	240,000
Xuzhou Hengxing			x	120,000
Jinzhou Lvzhiyuan	x		x	120,000
Nanjing Jiayi Sunway	x		x	120,000
Zouping Changshan	x			84,000
Guizhou Qianlon	x		x	50,000
Hangzhou Focus			x	50,000
Henan Brilliant Biotech		x	x	48,000
Zhengzhou Machaco	x		x	36,000
Xinxiang Huaxing	x		x	36,000
Zhengzhou Allis	x		x	36,000
Changge Newborui	x			25,000
Taijin Yuanlong	x			24,000
Gansu Jinshi			x	24,000
Kindia May			x	20,000
Weifang Huabo		x		20,000
Lianyungang	x		x	12,000
Xuzhou Foodphos			x	12,000
Foodchem International	x		x	12,000
Hebei Guanlang	x			12,000
Gongyi Hoingye	x			7,200
Zhengzhou Sino Chem	x		x	6,000
Shanghai Ruizhueng			x	6,000
Langfang Huinuo	x		x	2,400
Zhangjiagang Free Trade			x	2,000
Xiamen Vastland	x		x	1,200
Total				1,365,800

Source: Domestic interested parties' response to the notice of institution, July 2, 2018, exh. 6.

Exports, imports and net trade balance

China reported external trade data for SHMP to the Global Trade Atlas in a basket category with other polyphosphates until 2009, when it created two new subheadings specifically for SHMP—food grade SHMP (2835.39.11) and other SHMP (2835.39.19). Available Global Trade Atlas data concerning China's exports, imports, and net trade balance reported for SHMP during 2013-17 are presented in table I-10.

Table I-10
SHMP: China exports, imports, and trade balance, by type, 2013-17

Item		2013	2014	2015	2016	2017
		Quantity in metric tons, value in $1,000s, unit values in dollars per metric ton				
		Food Grade				
Exports to United States	Quantity	257	217	182	235	168
	Value	257	267	193	212	181
	Unit Value	999	1,227	1,061	902	1,077
All other countries	Quantity	39,379	48,380	40,144	39,642	43,009
	Value	42,411	52,392	42,593	37,112	40,149
	Unit Value	1,077	1,083	1,061	936	934
Total Exports	Quantity	39,636	48,598	40,326	39,877	43,177
	Value	42,667	52,659	42,786	37,324	40,331
	Unit Value	1,076	1,084	1,061	936	934
Imports	Quantity	178	141	105	298	174
	Value	892	526	753	1,151	743
	Unit Value	5,001	3,740	7,175	3,865	4,276
Net Trade Balance	Quantity	39,457	48,457	40,221	39,579	43,003
	Value	41,775	52,133	42,033	36,173	39,588
		Other SHMP				
Exports to United States	Quantity	0	0	0	0	0
	Value	0	0	0	0	0
	Unit Value	0	0	0	0	0
All other countries	Quantity	10,872	12,890	15,604	14,211	14,330
	Value	13,087	15,707	17,604	15,242	15,981
	Unit Value	1,204	1,218	1,128	1,073	1,115
Total Exports	Quantity	10,872	12,890	15,604	14,211	14,330
	Value	13,087	15,707	17,604	15,242	15,981
	Unit Value	1,204	1,218	1,128	1,073	1,115
Imports	Quantity	1,623	1,417	1,607	1,687	1,047
	Value	6,649	6,743	5,818	5,743	2,708
	Unit Value	4,097	4,760	3,620	3,404	2,587
Net Trade Balance	Quantity	9,249	11,474	13,997	12,524	13,284
	Value	6,438	8,964	11,786	9,499	13,273

Table continued on following page.

Table I-10--Continued
SHMP: China exports, imports, and trade balance, by type, 2013-17

Item		2013	2014	2015	2016	2017
		Quantity in metric tons, value in $1,000s, unit values in dollars per metric ton				
		Total SHMP				
Exports to United States	Quantity	257	217	182	235	168
	Value	257	267	193	212	181
	Unit Value	999	1,227	1,061	902	1,077
All other countries	Quantity	50,250	61,271	55,748	53,853	57,339
	Value	55,497	68,099	60,197	52,354	56,130
	Unity Value	1,104	1,111	1,080	972	979
Total Exports	Quantity	50,507	61,488	55,930	54,088	57,508
	Value	55,754	68,366	60,390	52,566	56,312
	Unit Value	1,104	1,112	1,080	972	979
Imports	Quantity	1,801	1,557	1,712	1,985	1,221
	Value	7,541	7,269	6,571	6,894	3,451
	Unit Value	4,187	4,668	3,838	3,473	2,828
Net Trade Balance	Quantity	48,706	59,931	54,218	52,103	56,287
	Value	48,214	61,097	53,819	45,672	52,860

Note.—Unit values are calculated from unrounded figures.

Source: Compiled from Global Trade Atlas data under HTS subheadings 2835.39.11 (Other SHMP) and 2835.39.19 (food grade SHMP).

ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS

Based on available information, SHMP from China has not been subject to other antidumping or countervailing duty investigations outside the United States.

THE GLOBAL MARKET[49]

As was the case in the original investigation, there is currently a relatively limited number of SHMP manufacturers in nonsubject countries worldwide. The major SHMP producers are located in the Czech Republic, France, Germany, India, Japan, Kazakhstan, Mexico, and Thailand, in addition to those in China and the United States.[50] Although there is information on the global market generally for phosphates, there is limited information publicly available that is specific to SHMP.

During the original investigation, the Commission reported that the European market differed from the U.S. market in that ***. Product requirements specific to some U.S. customers also limited European SHMP exports to the United States. The producer in France (Prayon) and German manufacturers shipped *** volumes of SHMP to the United States. Mexico, in contrast, consistently supplied SHMP to the United States during the original investigation from Mexican producer Quimir, which accounted for all production of SHMP in Mexico. Quimir reported that it produced *** technical grade SHMP, although *** volumes of the food grade product were also manufactured. ***.[51]

Table I-11 presents the largest global export sources, by quantity, of polyphosphates under the basket category HTS 2835.39 during 2013-17.

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

[50] Since the original investigation, phosphate production plants have reportedly closed in the United Kingdom, the Netherlands, and Spain. *IHS Chemical Economics Handbook*, *Industrial Phosphates*, February, 2016, pp. 76, 84, 92, 94, 98, 119, 121.

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

Table I-11
Polyphosphates: Global exports by major sources, 2013-17

Item	2013	2014	2015	2016	2017
			Quantity (metric tons)		
China	115,438	130,410	125,028	127,586	137,774
Germany	73,350	66,827	65,110	75,075	82,301
United States	33,150	31,809	42,027	41,276	44,822
Thailand	30,715	35,782	36,127	35,003	35,031
Belgium	15,132	20,777	21,482	24,706	30,168
Canada	53,305	54,324	71,581	23,604	22,372
Netherlands	7,425	4,821	5,440	5,910	8,894
Spain	6,785	6,050	5,600	7,175	6,168
Mexico	3,450	4,936	4,098	2,648	3,577
Poland	2,834	2,828	2,563	2,267	3,234
All other	19,593	18,772	17,190	20,985	18,014
Total	361,176	377,337	396,246	366,234	392,355

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

Source: Global Trade Information Services, Inc., Global Trade Atlas under HTS subheading 2835.39. These data may be overstated as HTS 2835.39 may contain products outside the scope of this review.

Focusing on countries reported to produce SHMP gives a more precise understanding of global SHMP trade. Of the ten countries that are reported to have firms producing SHMP, China, Mexico, and Thailand reported external trade data specific to SHMP to the Global Trade Atlas (China reports exports of SHMP under HTS 2835.39.11 and 2835.39.19, Mexico reports exports of SHMP under HTS 2835.39.02, Thailand reports exports of SHMP under 2835.39.0001), while the other seven (United States, Czech Republic, France, Germany, India, Japan, and Kazakhstan) reported external trade of SHMP as part of the larger basket category of other polyphosphates (HTS 2835.39). These data (Table I-12) show that, in 2017, China, Mexico, and Thailand were net exporters of SHMP while Germany and Kazakhstan were net exporters of the basket category. The Czech Republic, India, Japan, Kazakhstan and the United States were net importers under HTS 2835.39.

Table I-12
SHMP: Exports, imports, and trade balances, by country, 2013–17

Item	2013	2014	2015	2016	2017
	Quantity (metric tons)				
SHMP					
China					
Exports	50,514	61,533	55,930	56,052	57,572
Imports	1,801	1,557	1,712	1,985	1,220
Trade balance	48,713	59,976	54,218	54,067	56,351
Mexico:					
Exports	2,249	3,468	2,714	1,668	1,956
Imports	1,654	1,308	1,575	1,829	1,846
Trade balance	595	2,160	1,139	(161)	111
Thailand:					
Exports	6,193	8,067	7,132	7,511	8,060
Imports	2,015	3,772	1,535	1,516	1,876
Trade balance	4,178	4,296	5,598	5,995	6,184
Polyphosphates					
United States:					
Exports	33,150	31,809	42,027	41,276	44,822
Imports	79,227	86,065	96,901	47,748	48,454
Trade balance	(46,077)	(54,255)	(54,874)	(6,472)	(3,631)
Czech Republic:					
Exports	1,881	1,583	2,070	666	708
Imports	1,215	1,289	946	1,177	835
Trade balance	666	294	1,124	(511)	(127)
France:					
Exports	N/A	N/A	N/A	N/A	N/A
Imports	13,675	12,910	12,934	15,478	16,223
Trade balance	N/A	N/A	N/A	N/A	N/A
Germany:					
Exports	73,350	66,827	65,110	75,075	82,301
Imports	17,774	21,750	21,477	21,465	25,503
Trade balance	55,576	45,077	43,633	53,610	56,798
India:					
Exports	620	463	397	793	303
Imports	5,684	7,436	4,377	4,059	4,615
Trade balance	(5,063)	(6,973)	(3,980)	(3,265)	(4,313)
Japan:					
Exports	1,120	1,329	1,201	1,057	968
Imports	5,481	5,965	5,559	5,358	6,282
Trade balance	(4,361)	(4,636)	(4,358)	(4,301)	(5,314)
Kazakhstan:					
Exports	2,129	2,964	2,417	3,249	2,812
Imports	98	290	263	374	266
Trade balance	2,031	2,674	2,154	2,875	2,546
South Korea:					
Exports	1,026	901	1,034	1,220	1,274
Imports	7,791	8,673	9,823	10,778	9,545
Trade balance	(6,765)	(7,771)	(8,789)	(9,557)	(8,271)

Note.--Because of rounding, figures may not add to total shown. France did not report export data to the Global Trade Atlas for HTS 2835.39.

Source: Global Trade Information Services, Inc., Global Trade Atlas under HTS subheading 2835.39. These data may be overstated as HTS 2835.39 may contain products outside the scope of this review.

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
83 FR 25488 June 1, 2018	*Sodium Hexametaphosphate From China; Institution of a Five-Year Review*	https://www.gpo.gov/fdsys/pkg/FR-2018-06-01/pdf/2018-11677.pdf
83 FR 25436 June 1, 2018	*Initiation of Five-Year (Sunset) Reviews*	https://www.gpo.gov/fdsys/pkg/FR-2018-06-01/pdf/2018-11815.pdf

APPENDIX B

COMPANY-SPECIFIC DATA

RESPONSE CHECKLIST FOR U.S. PRODUCERS

Item	ICL Specialty Products, Inc. Quantity=1,000 kilograms; value=1,000 dollars;	Innophos, Inc. Quantity=1,000 kilograms; value=1,000 dollars;	Total Quantity=1,000 kilograms; value=1,000 dollars;
Nature of operation	✓	✓	✓
Statement of intent to participate	✓	✓	✓
Statement of likely effects of revoking the order	✓	✓	✓
U.S. producer list	✓	✓	✓
U.S. importer/foreign producer list	✓	✓	✓
List of 3-5 leading purchasers	✓	✓	✓
List of sources for national/regional prices	?	?	?
Production:			
Quantity	***	***	***
Percent of total reported	***	***	***
Capacity	***	***	***
Commercial shipments:			
Quantity	***	***	***
Value	***	***	***
Internal consumption:			
Quantity	***	***	***
Value	***	***	***
Net sales	***	***	***
COGS	***	***	***
Gross profit or (loss)	***	***	***
SG&A expenses (loss)	***	***	***
Operating income/(loss)	***	***	***
Changes in supply/demand	✓	✓	✓

✓ = response provided; **×** = response not provided; **NA** = not applicable; ? = indicated that the information was not known.

APPENDIX C

SUMMARY DATA

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

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

Table continued on the following page.

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

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

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

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

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

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

* * * * * * *

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

* * * * * * *

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

* * * * * * *

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

* * * * * * *

Table I-5

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

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

Table continued on following page.

Table I-5--*Continued*

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

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

[1] Unit values are calculated from unrounded figures.

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

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

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

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

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

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

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

* * * * * * *

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

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

Table continued on following page.

Table I-6--*Continued*

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

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

[1] Unit values are calculated from unrounded figures.

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

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

Exports, imports, and net trade balance

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

Table I-10

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

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

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

Table continued on following page.

Table I-10--*Continued*

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

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

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

Note.—Unit values are calculated from unrounded figures.

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

Table I-12

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

(Quantity in metric tons)

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

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

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

Source: *Global Trade Atlas*.

APPENDIX D

PURCHASER QUESTIONNAIRE RESPONSES

As part of their response to the notice of institution, interested parties were asked to provide a list of three to five leading purchasers in the U.S. market for the domestic like product. A response was received from domestic interested parties and it named the following five firms as the top purchasers of sodium hexametaphosphate ***. Purchaser questionnaires were sent to these five firms and three firms (***) provided responses which are presented below.

1. Have there been any significant changes in the supply and demand conditions for sodium hexametaphosphate that have occurred in the United States or in the market for sodium hexametaphosphate in China since January 1, 2013?

Purchaser	Changes that have occurred
***	In the last 18 months the Blue-Sky environmental initiative in China has reduced the number of plants in China that produce P4 (elemental phosphorous). P4 is the key raw material used to produce phosphoric acid. Phosphoric acid is the key raw material used to produce sodium hexametaphosphate. Thus, supply has been reduced while demand has remained steady resulting in Chinese prices going up on all phosphorous based products.
***	One major domestic producer has experienced capacity constraints that has limited domestic produced product. We do not purchaser SHMP from China and cannot speak to any specific changes in supply chain from China.
***	Implementation of new environmental policies by the Chinese Central Government in 2017/2018 have resulted in reduced P4 production and as a result some tightening of supply of phosphates, including Sodium Hexametaphosphate.

2. Do you anticipate any significant changes in the supply and demand conditions for sodium hexametaphosphate in the United States or in the market for sodium hexametaphosphate in China within a reasonably foreseeable time?

Purchaser	Anticipated changes
***	Supply in the United States is expected be constrained in 2019 forcing higher prices on SHMP. Innophos has a new supply chain that will be taxed on the profitability side. Starting in 2019 they will no longer receive MGA (Merchant Grade Acid) from Nutrien, rather, they will buy MGA on the open market at a higher cost than they currently enjoy. Innophos also has the option of bringing MGA into the US from their plant in Mexico. However, this too increases their costs compared to where they are today. Prayon USA, who imports SHMP from Belgium, is experiencing difficulty in supplying the USA. They have raised prices twice in 2018 with another round of increases expected before the end of the year. Prayon USA competes with the global P2O5 market to obtain P2O5 from their parent, OCP, in Morocco. Global P2O5 prices are raising in the form of DAP (Diammonium Phosphate) & MGA. Thus, Prayon is also under pressure to raise phosphate prices. In the USA usually corn prices are the main driver of P2O5 prices. The current CBOT price of corn at ~$3.45/bushel is not at a level to support higher prices. Corn prices will not be the price driver in today's industrial market that they have been in the past. Chinese availability of SHMP has stabilized with no additional loss of producers anticipated. The weak ones have already been culled. The current cost structure in China should stabilize where they are today.
***	Domestic produced product will continue to be in tight supply resulting in upward pricing pressures. Current assumption China will force SHMP plant shutters due to environmental concerns following other chemical industry plant shutters reducing capacity resulting in a ripple effect throughout global chemical markets.
***	Nutrien (merger of Agrium and Potash Corporation) in 2018 has decided to close Agrium's 4 Phosphoric Acid plants by year end and use Potash's phosphoric acid from the plant in Aurora, NC for captive use in fertilizer. This move will take estimated 100MM lbs. of merchant acid out of the US market. These shortages will impact ICL, Innophos, and Prayon downstream phosphate production to include SHMP.