

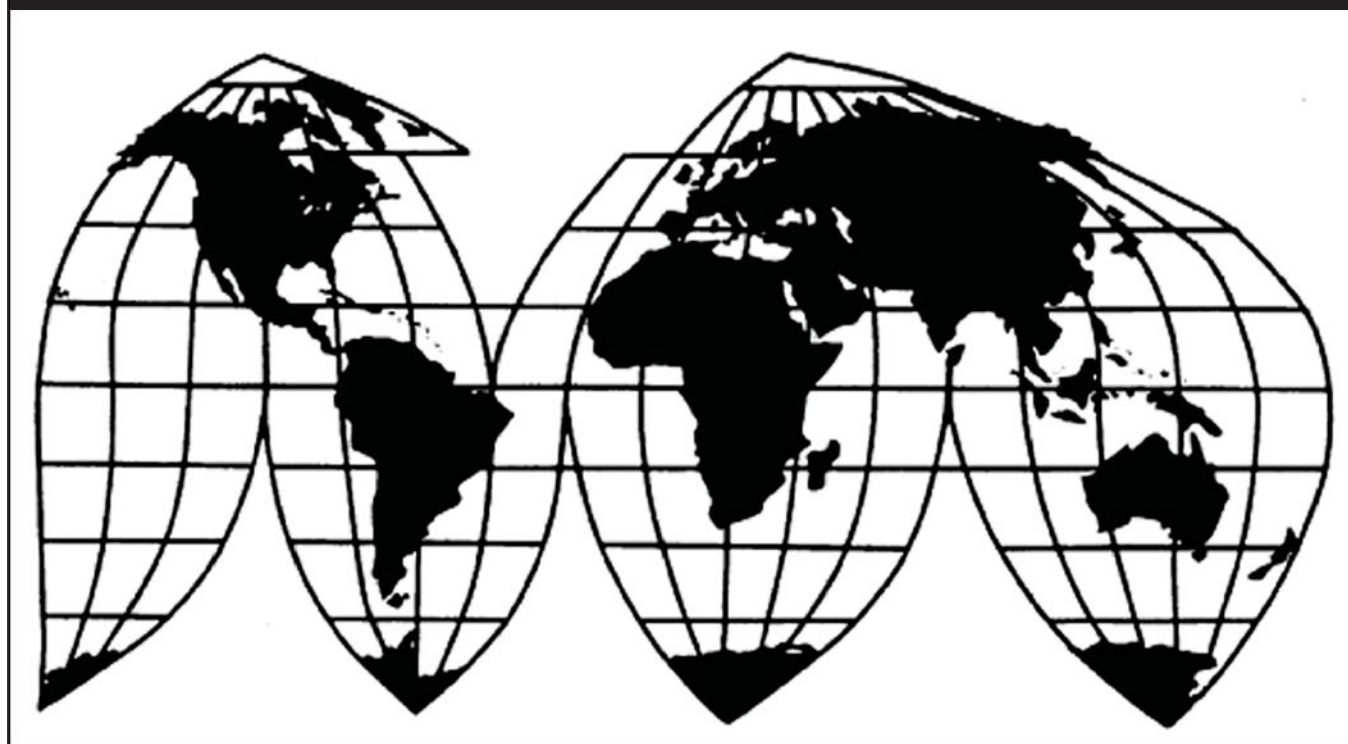
# Furfuryl Alcohol from China

Investigation No. 731-TA-703 (Fourth Review)

Publication 4708

July 2017

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## **UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation No. 731-TA-703 (Fourth Review)

Furfuryl Alcohol from China

### **DETERMINATION**

On the basis of the record<sup>1</sup> 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 furfuryl alcohol from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### **BACKGROUND**

The Commission, pursuant to section 751(c) of the Act (19 U.S.C. 1675(c)), instituted this review on January 3, 2017 (82 F.R. 140) and determined on April 10, 2017, that it would conduct an expedited review (82 F.R. 23063, May 19, 2017).

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





## Views of the Commission

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

### I. Background

In June 1995, the Commission determined that an industry in the United States was materially injured by reason of subject imports of furfuryl alcohol sold at less than fair value (“LTFV”) from China and South Africa.<sup>1</sup> Shortly thereafter, the Commission also determined that an industry in the United States was materially injured by reason of subject imports of furfuryl alcohol from Thailand.<sup>2</sup> On June 21, 1995, the U.S. Department of Commerce (“Commerce”) issued antidumping duty orders on furfuryl alcohol from China and South Africa.<sup>3</sup> On July 25, 1995, Commerce issued an antidumping duty order on furfuryl alcohol from Thailand.<sup>4</sup>

In April 2001, the Commission completed its first five-year reviews and, following full reviews, determined that revocation of the antidumping duty orders on furfuryl alcohol from China and Thailand would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>5</sup> On May 4, 2001, Commerce published its notice of continuation of the antidumping duty orders on furfuryl alcohol from China and Thailand.<sup>6</sup>

In September 2006, the Commission completed its second five-year reviews and, following expedited reviews, determined that revocation of the antidumping duty orders on furfuryl alcohol from China and Thailand would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.<sup>7</sup> On October 6, 2006, Commerce published its notice of continuation of the antidumping duty orders covering furfuryl alcohol from China and Thailand.<sup>8</sup> However, following a subsequent five-year review, Commerce revoked the order with respect to subject imports from Thailand.<sup>9</sup>

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<sup>1</sup> *Furfuryl Alcohol from the People’s Republic of China and South Africa*, Inv. Nos. 731-TA-703 and 704 (Final), USITC Pub. 2897 (June 1995) (“Original Determinations”).

<sup>2</sup> *Furfuryl Alcohol from Thailand*, Inv. No. 731-TA-705 (Final), USITC Pub. 2909 (July 1995).

<sup>3</sup> 60 Fed. Reg. 32302 (June 21, 1995). The antidumping duty order on subject imports from South Africa was revoked in July 1999. 64 Fed. Reg. 37500 (July 12, 1999).

<sup>4</sup> 60 Fed. Reg. 38035 (July 25, 1995).

<sup>5</sup> *Furfuryl Alcohol from China and Thailand*, Inv. Nos. 731-TA-703 and 705 (Review), USITC Pub. 3412 (Apr. 2001) (“First Reviews”) at 3.

<sup>6</sup> 66 Fed. Reg. 22519 (May 4, 2001).

<sup>7</sup> *Furfuryl Alcohol from China and Thailand*, Inv. Nos. 731-TA-703 and 705 (Second Review), USITC Pub. 3885 (Sept. 2006) (“Second Reviews”).

<sup>8</sup> 71 Fed. Reg. 59072 (Oct. 6, 2006).

<sup>9</sup> 72 Fed. Reg. 9729 (Mar. 5, 2007).

In January 2012, the Commission completed its third five-year review and, following an expedited review, determined that revocation of the antidumping duty order on furfuryl alcohol 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.<sup>10</sup> On February 16, 2012, Commerce published its notice of continuation of the antidumping duty order covering furfuryl alcohol from China.<sup>11</sup>

On January 3, 2017, the Commission instituted this fourth five-year review of the antidumping duty order on furfuryl alcohol from China.<sup>12</sup> The Commission received a response to the notice of institution on behalf of domestic producer Penn A Kem LLC (“Penn”). It did not receive a response from any respondent interested party. On April 10, 2017, the Commission found the domestic interested party group response to be adequate and the respondent interested party group response to be inadequate and did not find any other circumstances that would warrant conducting a full review. The Commission therefore determined that it would conduct an expedited review.<sup>13</sup> Penn filed comments pursuant to Commission Rule 207.62(d).<sup>14</sup>

U.S. industry data for this review are based on the information Penn provided in its response to the notice of institution, and information from the original determinations and prior reviews. Penn estimates that it was responsible for 100 percent of domestic production of furfuryl alcohol during 2016.<sup>15</sup> No U.S. importer or foreign producer/exporter participated in this review. U.S. import data are based on official import statistics and information from the original determinations and previous five-year reviews.<sup>16</sup> Foreign industry data and related information are based on information from the prior proceedings and publicly available data.

## **II. Domestic Like Product and Domestic 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.”<sup>17</sup> The Tariff Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and

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<sup>10</sup> *Furfuryl Alcohol from China*, Inv. 731-TA-703 (Third Review), USTIC Pub. 4302 (Jan. 2012) (“Third Review”).

<sup>11</sup> 77 Fed. Reg. 9203 (Feb. 16, 2012).

<sup>12</sup> 82 Fed. Reg. 140 (Jan. 3, 2017).

<sup>13</sup> *Explanation of Commission Determination on Adequacy*, EDIS Doc. 608241 (April 12, 2017). Vice Chairman Johanson voted to conduct a full review.

<sup>14</sup> Penn Final Comments (June 29, 2017) (“Comments”).

<sup>15</sup> Penn Response at 12 (Feb. 1, 2017) (“Response”); Confidential Staff Report (“CR”) at I-2, Public Staff Report (“PR”) at I-2.

<sup>16</sup> CR/PR at Table I-4.

<sup>17</sup> 19 U.S.C. § 1677(4)(A).

uses with, the article subject to an investigation under this subtitle.”<sup>18</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original determinations and consider whether the record indicates any reason to revisit the prior findings.<sup>19</sup>

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

Furfuryl alcohol (C<sub>4</sub>H<sub>3</sub>OCH<sub>2</sub>OH) is a primary alcohol, and is colorless or pale yellow in appearance. It is used in the manufacture of resins and as a wetting agent and solvent for coating resins, nitrocellulose, cellulose acetate, and other soluble dyes.<sup>20</sup>

Commerce’s scope has remained the same since the original determinations.

Furfuryl alcohol is a colorless or light-yellow liquid that becomes brown or dark red when exposed to light and air. It has a slight odor variously described as that of bread, alcohol, or a burned substance and occurs naturally in beer, bread, and coffee. The principal use of furfuryl alcohol in the United States and worldwide is in the production of furan resins, which are used mainly as binders in the production of sand cores for the ferrous and nonferrous foundry industries (casting metal and nonmetal products). Although there are alternatives to furan resin as a binding agent, there are no known substitutes for furfuryl alcohol in the production of furan resin.<sup>21</sup> In the original determinations, the Commission defined the domestic like product to be all furfuryl alcohol, coextensive with Commerce’s scope.<sup>22</sup> In the prior five-year reviews of the orders on furfuryl alcohol, the Commission continued to define the domestic like product to consist of all furfuryl alcohol, coextensive with the scope.<sup>23</sup>

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<sup>18</sup> 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, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>19</sup> 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).

<sup>20</sup> *Furfuryl Alcohol From China: Final Results of the Expedited Fourth Sunset Review of the Antidumping Duty Order*, 82 Fed. Reg. 20315, 20318 (May 1, 2017).

<sup>21</sup> CR at I-6-7, PR at I-5-6. Furfuryl alcohol is also used to make tetrahydrofurfuryl alcohol (“THFA”), which is used in pesticides, pharmaceuticals, common and industrial cleaners, and in coating and dyeing operations. *Id.*

<sup>22</sup> See Original Determinations, USITC Pub. 2897 at I-6-7.

<sup>23</sup> First Reviews, USITC Pub. 3412 at 4-5; Second Reviews, USITC Pub. 3885 at 4-5; Third Review, USITC Pub. 4302 at 4-5.

In this fourth five-year review, Penn states that it agrees with the Commission's definition of the domestic like product in the prior proceedings.<sup>24</sup> Additionally, the record does not indicate that there have been any changes in the characteristics and uses of furfuryl alcohol since the prior proceedings.<sup>25</sup> Therefore, we continue to define a single domestic like product consisting of all furfuryl alcohol, coextensive with the scope of the order under review.

## **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."<sup>26</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In the original determinations, the Commission defined the domestic industry as QO Chemicals, generally known as Great Lakes, an integrated producer of furfuryl alcohol.<sup>27</sup> In the first five-year reviews, the Commission defined the domestic industry to encompass Penn Chemicals, Great Lakes (which had sold its facilities to Penn Chemicals in 1998), and two toll producers.<sup>28</sup> In the second five-year reviews, the Commission defined the domestic industry as encompassing Penn Chemicals, the sole U.S. producer of furfuryl alcohol.<sup>29</sup> In the third five-year review, the Commission defined the domestic industry as encompassing Penn, successor to Penn Chemicals and the sole U.S. producer of furfuryl alcohol.<sup>30</sup>

Penn agrees with the Commission's definition of the domestic industry in the prior proceedings.<sup>31</sup> There are no related party or other domestic industry issues in this five-year review.<sup>32</sup> Consequently, we define a single domestic industry consisting of Penn, the sole known domestic producer of furfuryl alcohol.

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<sup>24</sup> Response at 12.

<sup>25</sup> See *generally* CR at I-13-14, PR at I-9-10.

<sup>26</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 apply 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.

<sup>27</sup> Original Determinations, USITC Pub. 2897 at I-7-I-9. Although the Commission found Advanced Resin Systems, Inc. ("ARS"), a toll producer, to be a domestic producer of furfuryl alcohol, it excluded ARS from the domestic industry as a related party. *Id.*

<sup>28</sup> First Reviews, USITC Pub. 3412 at 6.

<sup>29</sup> Second Reviews, USITC Pub. 3885 at 5.

<sup>30</sup> Third Review, USITC Pub. 4302 at 6.

<sup>31</sup> Response at 12.

<sup>32</sup> CR at I-14, PR at I-10.

### 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.”<sup>33</sup> 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 effects on volumes and prices of imports.”<sup>34</sup> Thus, the likelihood standard is prospective in nature.<sup>35</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>36</sup>

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.”<sup>37</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but

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<sup>33</sup> 19 U.S.C. § 1675a(a).

<sup>34</sup> SAA H.R. Rep. 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 determinations that were never completed.” *Id.* at 883.

<sup>35</sup> 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.

<sup>36</sup> 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’”).

<sup>37</sup> 19 U.S.C. § 1675a(a)(5).

normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original determinations.”<sup>38</sup>

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.”<sup>39</sup> 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).<sup>40</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>41</sup>

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.<sup>42</sup> 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

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<sup>38</sup> 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.*

<sup>39</sup> 19 U.S.C. § 1675a(a)(1).

<sup>40</sup> 19 U.S.C. § 1675a(a)(1). Commerce has not made any duty absorption findings concerning the order under review. CR at I-10, PR at I-8. Under the statute, “the Commission may consider the magnitude of the margin of dumping” in making its five-year review determinations. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv); *see also* SAA at 887. In its expedited review of the antidumping duty order, Commerce determined that revocation of the order would be likely to lead to continuation or recurrence of dumping at weighted-average margins up to 50.43 percent. 82 Fed. Reg. 20318 (May 1, 2017).

<sup>41</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>42</sup> 19 U.S.C. § 1675a(a)(2).

country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>43</sup>

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.<sup>44</sup>

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.<sup>45</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>46</sup>

No respondent interested party participated in this expedited review. The record, therefore, contains limited new information with respect to the furfuryl alcohol industry in China. There also is limited information on the current conditions in the furfuryl alcohol market in the United States. Accordingly, for our determination, we rely as appropriate on the facts available from the original determinations and prior reviews, and the limited new information on the record in this review.

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<sup>43</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>44</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “{c}onsistent with its practice in determinations, 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.

<sup>45</sup> 19 U.S.C. § 1675a(a)(4).

<sup>46</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

## **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.”<sup>47</sup> The following conditions of competition inform our determination.

### **1. Demand Conditions**

In the original determinations, the Commission found that furfuryl alcohol was used primarily as a monomer in the production of furan resins and as an intermediate in the production of other specialty products.<sup>48</sup> Subsequently, in the prior five-year reviews, the Commission continued to find that demand for furfuryl alcohol was dependent upon demand for furan resins.<sup>49</sup>

During the original determinations, the Commission observed that apparent U.S. consumption of furfuryl alcohol increased each year of the period of investigation, with the largest increase occurring from 1993 to 1994. It attributed the increase in demand for furfuryl alcohol to increased production by the U.S. steel industry over the period of investigation. In the first five-year reviews, the Commission found that apparent U.S. consumption increased from 1996 to 2000.<sup>50</sup> In the second five-year reviews, the Commission found that apparent U.S. consumption again increased and reached its highest level of \*\*\* pounds in 2005. According to the domestic interested party, worldwide demand for furfuryl alcohol was flat.<sup>51</sup> In the third five-year review, apparent U.S. consumption in 2010 was \*\*\* pounds.<sup>52</sup>

In this current five-year review, we again find that demand for furfuryl alcohol is dependent upon demand for furan resin.<sup>53</sup> Apparent U.S. consumption for furfuryl alcohol decreased to \*\*\* pounds in 2015, a figure below that of 1994, 2000, 2005, or 2010.<sup>54</sup>

### **2. Supply Conditions**

In the original determinations, the Commission found that there were relatively few suppliers in the U.S. market.<sup>55</sup> In the first five-year reviews, the Commission observed that the domestic industry had undergone significant restructuring. Specifically, Great Lakes Chemical

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<sup>47</sup> 19 U.S.C. § 1675a(a)(4).

<sup>48</sup> Original Determinations, USITC Pub. 2897 at I-6.

<sup>49</sup> First Reviews, USITC Pub. 3412 at 14; Second Reviews, USITC Pub. 3885 at 13; Third Review, USITC Pub. 4302 at 5.

<sup>50</sup> First Reviews, USITC Pub. 3412 at 14.

<sup>51</sup> Second Reviews, USITC Pub. 3885 at 14; Second Reviews Confidential Staff Report, EDIS Doc. 605180 at Table I-6.

<sup>52</sup> Third Reviews, USITC Pub. 4302 at 8; CR/PR at Table I-5.

<sup>53</sup> CR at I-6-7, PR at I-5-6.

<sup>54</sup> CR/PR at Table I-4.

<sup>55</sup> Original Determinations, USITC Pub. 2897 at I-10.



Corporation, an integrated producer, the largest domestic producer in the original determinations, exited the market in 1998 and was replaced by Penn Chemicals in 1999. Another domestic producer, Ferro, left the market in 1999. As a result of restructuring, U.S. producers' capacity decreased from \*\*\* pounds in 1998 to \*\*\* pounds in 2000.<sup>56</sup>

During the second five-year reviews, the domestic industry consisted of only one domestic producer, Penn Chemicals.<sup>57</sup> During the third five-year reviews, the domestic industry continued to be limited to one producer, Penn, the successor to Penn Chemicals.<sup>58</sup> Penn continues to be the sole known domestic producer in this review.<sup>59</sup>

During the original determinations, the Commission noted that the domestic industry's market share by quantity fell from \*\*\* percent in 1992 to \*\*\* percent in 1994. The market share of subject imports from China increased from \*\*\* percent in 1992 to \*\*\* percent in 1994.<sup>60</sup>

During the first five-year reviews, the Commission found the domestic industry's market share by quantity decreased in 2000 to \*\*\* percent.<sup>61</sup> Subject imports from China were absent from the U.S. market. However, subject imports from Thailand, absent from the market in 1997, reentered the U.S. market in 1998, and their market share increased from \*\*\* percent in 1998 to \*\*\* percent in 2000. Nonsubject imports' market share decreased slightly, from \*\*\* percent in 1998 to \*\*\* percent in 2000.<sup>62</sup>

During the second five-year reviews, the Commission found that in 2005, the domestic industry's market share by quantity decreased to \*\*\* percent, the market share of subject imports from Thailand decreased to \*\*\* percent, and nonsubject imports' market share increased to \*\*\* percent. Subject imports from China continued to be absent from the U.S. market.<sup>63</sup>

During the third five-year review, the Commission found that market shares by quantity of the domestic industry and nonsubject imports were \*\*\* percent and \*\*\* percent, respectively in 2010. It further found that subject imports from China returned to the U.S. market in small amounts.<sup>64</sup>

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<sup>56</sup> First Reviews, USITC Pub. 3412 at 15; Confidential Third Review Staff Report, EDIS Doc. 605181 at Table C-1.

<sup>57</sup> Second Reviews, USITC Pub. 3885 at 5.

<sup>58</sup> Third Review, USITC Pub. 4302 at 5.

<sup>59</sup> CR at I-13, PR at I-9.

<sup>60</sup> Original Determinations, USITC Pub. 2897 at I-10; Confidential Third Review Staff Report, EDIS Doc. 605181 at Table E-1.

<sup>61</sup> First Reviews, USITC Pub. 3412 at 18; Confidential First Review Staff Report, EDIS Doc. 463107 at Table C-1.

<sup>62</sup> First Reviews, USITC Pub. 3412 at 15; Confidential First Review Staff Report, EDIS Doc. 463107 at Table C-1.

<sup>63</sup> Second Reviews, USITC Pub. 3885 at 14; Second Reviews Confidential Opinion, EDIS Doc. 605185 at 20.

<sup>64</sup> Third Review, USITC Pub. 4302 at 9; Confidential Third Review Staff Report, EDIS Doc. 605181 at Table E-2.

During this current five-year review, market shares by quantity in 2015 were \*\*\* percent for the domestic industry and \*\*\* percent for nonsubject imports. Subject imports have been present in the U.S. market in minimal amounts since 2011, and accounted for only \*\*\* percent of apparent U.S. consumption in 2015.<sup>65</sup>

### **3. Substitutability and Other Conditions**

In the prior five-year reviews, the Commission found that the U.S. market had traditionally been dominated by a few large purchasers. The Commission also observed that as a result of the large volume purchased by a concentrated group of purchasers and the fungible, commodity nature of the product, price differentials as small as one cent per pound could be a deciding factor in purchasing decisions. Further, it stressed that price was an important factor in purchasing decisions for smaller purchasers.<sup>66</sup> The record indicates that these conditions of competition remain generally applicable.<sup>67</sup>

#### **C. Likely Volume of Subject Imports**

##### **1. The Original Investigations and Prior Reviews**

In the original determinations, the Commission found that the volume and market share of cumulated subject imports from China, South Africa, and Thailand increased substantially throughout the period of investigation.<sup>68</sup> Specifically, the Commission observed that cumulated subject imports increased from \*\*\* pounds in 1992 to \*\*\* pounds in 1994.<sup>69</sup> Cumulated subject imports' market share by quantity increased from \*\*\* percent in 1992 to \*\*\* percent in 1994.<sup>70</sup> The Commission found that the increase in the volume and market share of cumulated subject imports came primarily at the expense of the domestic industry, which lost market share both in terms of quantity and value. The Commission concluded that the volume of cumulated subject imports and their market share, as well as the increase in these imports, were significant.<sup>71</sup>

In the first five-year reviews, the Commission found that subject imports from China had left the U.S. market following the imposition of the order. The Commission found that several

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<sup>65</sup> CR/PR at Tables I-4, I-5.

<sup>66</sup> First Reviews, USITC Pub. 3412 at 17; Second Reviews, USITC Pub. 3885 at 15; Third Review, USITC Pub. 4302 at 9.

<sup>67</sup> Response at 12.

<sup>68</sup> Original Determinations, USITC Pub. 2897 at I-17.

<sup>69</sup> Original Determinations, USITC Pub. 2897 at I-17; Confidential Third Review Staff Report, EDIS Doc. 605181 at Table E-1. Subject imports from China increased from \*\*\* pounds in 1992 to \*\*\* pounds in 1994. *Id.*

<sup>70</sup> Original Determinations, USITC Pub. 2897 at I-17; Confidential Third Review Staff Report, EDIS Doc. 605181 at Table E-1. Subject imports from China increased their market share from \*\*\* percent in 1992 to \*\*\* percent in 1994. *Id.*

<sup>71</sup> Original Determinations, USITC Pub. 2897 at I-17.

factors supported the conclusion that subject import volume would likely be significant if the orders were revoked. The Commission found considerable capacity in subject countries; five producers in China, representing up to \*\*\* percent of total Chinese production capacity, reported capacity of \*\*\* pounds in 2000.<sup>72</sup> The Commission found that subject producers were export oriented and had demonstrated considerable flexibility to switch between their export markets.<sup>73</sup> It found that revocation of the orders would create the incentive for subject producers to shift their exports to the U.S. market in light of stagnant demand for furfuryl alcohol in other markets and the size of the U.S. market. The Commission concluded that the likely volume of cumulated subject imports would be significant within a reasonably foreseeable time if the orders were revoked.<sup>74</sup>

In the second five-year reviews, the Commission acknowledged that there was limited information on subject producers' production capacity during the review period. The Commission, however, pointed out that in the first five-year reviews subject producers had provided data showing substantial production capacity in both countries. Moreover, in the second five-year reviews, Penn Chemicals had provided information indicating that subject producers, particularly those in China, had increased production capacity. The Commission further emphasized that according to Global Trade Atlas data, subject producers continued to export substantial quantities of furfuryl alcohol to third-country markets.<sup>75</sup> With respect to China, the Global Trade Atlas data showed that Chinese exports of the subject product to third-country markets increased from 82.5 million pounds in 2000 to 166.3 million pounds in 2005. The Commission concluded that the likely volume of cumulated subject imports would be significant within a reasonably foreseeable time if the orders were revoked.<sup>76</sup>

In the third five-year review, the Commission observed that Chinese subject producers had 791.5 million pounds of production capacity which was significantly underutilized. The Commission further observed that subject producers in China exported substantial quantities of furfuryl alcohol to other markets. The Commission explained that data obtained from the Global Trade Atlas indicated that Chinese exports of furfuryl alcohol to third-country markets ranged from 116.8 million pounds in 2009 to 212.3 million pounds in 2008. Furthermore, in 2010, according to data from the Chinese Customs Statistics Information Service Center, 15 subject producers exported 15.5 million pounds of furfuryl alcohol to the European Union ("EU") alone. Based on the substantial capacity and export orientation of the industry in China, and the attractiveness of the United States as an export market, the Commission concluded that the likely volume of subject imports would be significant upon revocation.<sup>77</sup>

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<sup>72</sup> First Reviews, USITC Pub. 3412 at 16; First Reviews Confidential Opinion, EDIS Doc. 605183 at 19 n. 85.

<sup>73</sup> First Reviews, USITC Pub. 3412 at 16; Confidential Third Review Staff Report, EDIS Doc. 605181 at Table F-1 (Jan. 4. 2012).

<sup>74</sup> First Reviews, USITC Pub. 3412 at 16-17.

<sup>75</sup> As discussed below, we recognize that the Global Trade Atlas data include nonsubject THFA.

<sup>76</sup> Second Reviews, USITC Pub. 3885 at 16.

<sup>77</sup> Third Review, USITC Pub. 4302 at 11-12.

## 2. The Current Review

Subject imports had a minimal presence in the U.S. market during the period of review. Since 2011, subject import volume has never exceeded \*\*\* pounds.<sup>78</sup> In 2015, subject imports totaled \*\*\* pounds, accounting for only \*\*\* percent of the U.S. market by quantity.<sup>79</sup>

Due to the lack of response from subject producers, there is limited information in the record concerning the industry in China. In the second five-year reviews, Chinese exports to third-country markets, which totaled 166.3 million, indicated significant production capacity in China.<sup>80</sup> In the third five-year review, Penn reported that subject Chinese producers had 791.5 million pounds of production capacity which was underutilized.<sup>81</sup> The information available on the record in the current review indicates that subject producers in China have substantial excess capacity to produce furfuryl alcohol.<sup>82</sup>

The record further indicates that subject producers are export oriented. The record in each of the prior proceedings indicated that subject producers exported substantial quantities of furfuryl alcohol to other markets.<sup>83</sup> Penn asserts that subject Chinese producers continue to do so.<sup>84</sup> Available data from the Global Trade Atlas indicate that in every year between 2011 and 2015, China was the largest exporter in the world of furfuryl alcohol and THFA by value, exporting over \$128 million in 2015.<sup>85</sup>

Additionally, Chinese producers have incentives to direct additional exports to the United States if the order were revoked. In the first five-year reviews, the Commission found that prices for furfuryl alcohol were generally higher in the United States than in other markets, which would encourage greater Chinese exports to the United States upon revocation.<sup>86</sup> There is no evidence in this review to suggest a change in relative pricing. Further, furfuryl alcohol from China is subject to antidumping duties in the EU.<sup>87</sup>

Accordingly, based on the available information, we conclude that the volume of subject imports would likely be significant if the order were revoked.

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<sup>78</sup> CR/PR at Table I-4.

<sup>79</sup> CR/PR at Tables I-4-5.

<sup>80</sup> Second Reviews, USITC Pub. 3885 at 16.

<sup>81</sup> Third Review, USITC Pub. 4302 at 11.

<sup>82</sup> Comments at 7.

<sup>83</sup> First Reviews, USITC Pub. 3412 at 16; Second Reviews, USITC Pub. 3885 at 16; Third Reviews, USITC Pub. 4302 at 11.

<sup>84</sup> Response at 6, 9, Ex. E.

<sup>85</sup> CR/PR at Table I-6. We recognize that the Global Trade Atlas data include THFA, which is produced using furfuryl alcohol but is outside the scope of this review; these data therefore overstate exports of subject merchandise but constitute the facts available.

<sup>86</sup> First Reviews, USITC Pub. 3412 at 18.

<sup>87</sup> CR at I-21, PR at I-12. 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.

## **D. Likely Price Effects**

### **1. The Original Investigations and Prior Reviews**

In the original determinations, the Commission found that subject imports and the domestic product were fungible, price was an important factor in purchasing decisions, and that for major purchasers, a difference of as little as one cent per pound could affect their purchasing decisions. The Commission found that the subject imports had significant price-depressing and suppressing effects because the record indicated that domestic producers had to cut prices or restrain price increases to retain market share in light of subject import competition. It observed that lost revenue and sales data confirmed that purchasers shifted from the domestic product to subject imports on the basis of price.<sup>88</sup>

In the first five-year reviews, the Commission found that a number of factors made significant price effects likely. Subject imports and the domestic product were fungible and price was an important factor in purchasing decisions. According to the Commission, in light of the stagnant demand for furfuryl alcohol worldwide, subject producers had considerable incentive to price their product aggressively in order to capture market share. In light of subject imports from Thailand underselling the domestic like product during the first period of review, and the adverse price effects observed during the original determinations, the Commission concluded that if the orders were revoked, cumulated subject imports would likely have significant price depressing or suppressing effects on the domestic like product.<sup>89</sup>

In the second five-year reviews, the Commission found that competitive conditions would likely return to those prevailing in the original determinations if the antidumping duty orders were revoked. According to the Commission, given the importance of price in the market, the substitutability of domestic and subject product, the negative price effects of low-priced subject imports in the original investigations, and the incentive to obtain market share in the relatively high-priced, large, and stable U.S. market, cumulated subject imports would likely have adverse effects on domestic prices. The Commission therefore determined that, if the orders were revoked, significant volumes of cumulated subject imports would be likely to significantly undersell the domestic like product to gain market share and would be likely to have significant depressing or suppressing effects on the prices of the domestic like product within a reasonably foreseeable time.<sup>90</sup>

In the third five-year review, the Commission again found that significant price effects were likely if the order were revoked. According to the Commission, furfuryl alcohol was highly substitutable regardless of the country of origin and price remained the principal factor in purchasing decisions. As the Commission found in the prior reviews, as a result of the large volume purchased by the concentrated group of purchasers and the fungible commodity nature of the product, a price differential of as little as one cent per pound could be a deciding factor

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<sup>88</sup> Original Determinations, USITC Pub. 2897 at I-17-20.

<sup>89</sup> First Reviews, USITC Pub. 3412 at 18.

<sup>90</sup> Second Reviews, USITC Pub. 3885 at 17-18.

in purchasing decisions. It stated that if the order were revoked, subject imports would enter the U.S. market at low prices to obtain market share; domestic producers would be forced to cut prices or relinquish market share as a result. The Commission consequently found that if the order were revoked, the likely significant increase in subject import volume at prices that would likely undersell the domestic like product would likely have significant price effects on the domestic industry.<sup>91</sup>

## **2. The Current Review**

Based on the information available in the current review, we again find that significant price effects are likely if the order were revoked. Because of the limited record in this review, there is no new product-specific pricing information. As discussed in section III.B.3. above, however, the record indicates that the commodity nature of furfuryl alcohol makes it highly substitutable regardless of country of origin and that the market is highly price-sensitive.<sup>92</sup> Further, as the Commission found in previous proceedings, as a result of the large volume purchased by a concentrated group of purchasers and the fungible commodity nature of the product, pricing decisions are often made based on a difference in price of as little as one cent per pound.<sup>93</sup>

Consequently, in the absence of the order, subject imports from China would likely undersell the domestic like product to gain market share. Given the substitutability of the subject imports and the domestic like product, and the high price-sensitivity of the purchasers, the record indicates that the domestic producer would likely be forced to cut its prices or lose U.S. market share. Consequently, we find that revocation of the antidumping duty order on imports of furfuryl alcohol from China would be likely to lead to significant underselling by the subject imports and would likely have significant depressing or suppressing effects on the domestic like product within a reasonably foreseeable time.

### **E. Likely Impact of Subject Imports**

#### **1. The Original Investigations and Prior Reviews**

In the original determinations, the Commission found that the increasing volume of subject imports, and the significant market share accounted for by those imports, depressed prices to a significant degree, leading to the domestic industry's loss of market share, reduced production and shipments, and financial losses.<sup>94</sup>

In the first five-year reviews, the Commission found that cumulated subject imports from China and Thailand would have a significant impact on the domestic industry if the orders

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<sup>91</sup> Third Review, USITC Pub. 4302 at 12-13.

<sup>92</sup> See Comments at 8.

<sup>93</sup> *E.g.*, Third Review, USITC Pub. 4302 at 12.

<sup>94</sup> Original Determinations, USITC Pub. 2897 at I-21.

were revoked. Although the domestic industry's commercial shipments declined in terms of quantity and value, its operating margins remained strong.<sup>95</sup> As such, the Commission concluded that the domestic industry was not then in a weakened condition. However, the Commission found that the likely volume and price effects of the cumulated subject imports would likely cause the domestic industry to lose market share, with a significant impact on the domestic industry's production, shipments, sales, and revenue levels. This likely reduction in the industry's production, sales, and revenue levels would have had a direct adverse impact on the industry's profitability as well as its ability to raise capital investments. In addition, the Commission found that revocation of the orders likely would result in employment declines.<sup>96</sup>

In the second five-year reviews, the Commission did not find that the domestic industry was vulnerable to material injury if the antidumping duty orders on cumulated subject imports were revoked, given the absence of industry performance data.<sup>97</sup> Nevertheless, given the generally substitutable nature of subject imports from both countries and the domestic like product and the attractiveness of the U.S. market, the Commission found that the likely significant volume of subject imports, when combined with the likely adverse price effects of those imports, would likely have a significant impact on the domestic industry's production, shipments, sales, and revenues.<sup>98</sup> According to the Commission, reductions in these performance factors would have a direct adverse impact on the domestic industry's profitability and employment levels, as well as its ability to raise capital and make and maintain necessary capital investments.<sup>99</sup> Accordingly, the Commission concluded that, if the antidumping duty orders were revoked, cumulated subject imports would likely have a significant impact on the domestic industry within a reasonably foreseeable time.<sup>100</sup>

In the third five-year review, the Commission stated that the limited 2010 data in the record were insufficient for determining whether the domestic industry was vulnerable to the continuation or recurrence of material injury in the event of revocation of the order. Nevertheless, the Commission found that, if the order were revoked, subject imports from China would be likely to re-enter the U.S. market in significant quantities at the expense of the domestic industry. Further, it reiterated its finding that revocation of the antidumping duty order likely would lead to significant increases in the volume of subject imports at prices that would likely undersell the domestic like product and significantly suppress or depress U.S. prices.<sup>101</sup> As a result, the Commission found that the likely volume and price effects of subject imports would likely cause the domestic industry to lose market share, with a significant impact on the domestic industry's production, shipments, sales, revenue levels, and employment.

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<sup>95</sup> Second Reviews, USITC Pub. 3885 at 19; Second Reviews Confidential Opinion, EDIS Doc. 605185 at 11.

<sup>96</sup> Second Reviews, USITC Pub. 3885 at 19.

<sup>97</sup> Second Reviews, USITC Pub. 3885 at 19.

<sup>98</sup> Second Reviews, USITC Pub. 3885 at 19-20.

<sup>99</sup> Second Reviews, USITC Pub. 3885 at 20.

<sup>100</sup> Second Reviews, USITC Pub. 3885 at 20.

<sup>101</sup> Third Review, USITC Pub. 4302 at 19-20.

Further, it determined that a reduction in the industry's production, shipments, sales, and revenue levels would have a direct adverse impact on the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. The Commission also considered the role of nonsubject imports in the U.S. market to ensure that it did not attribute injury from nonsubject imports to subject imports. The Commission found that nonsubject imports had increased their market share in 2010, but concluded that nonsubject imports were unlikely to prevent subject imports from increasing their market share at the expense of the domestic industry upon revocation.<sup>102</sup>

## 2. The Current Review

The record of this expedited review contains limited information on the domestic industry's performance. In 2015, Penn's capacity was \*\*\* pounds, production was \*\*\* pounds, and capacity utilization was \*\*\* percent. The \*\*\* of Penn's shipments were internally consumed. Penn's operating income was \$\*\*\*, and its ratio of operating income to net sales was \*\*\* percent.<sup>103</sup> This limited record is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury if the order were revoked.

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

We also have considered the likely role of factors other than subject imports, including nonsubject imports, so as not to attribute injury from other factors to subject imports from China. Nonsubject imports have increased their share of the market since the original determinations but the domestic industry achieved improved financial performance in 2015 relative to 2010 notwithstanding the substantial participation by nonsubject imports in the U.S. market.<sup>104</sup> Moreover, given the fungible nature of furfuryl alcohol, any increase in subject imports is likely to be substantially at the expense of the domestic industry. We consequently find that the likely effects of nonsubject imports on the domestic industry are distinct from those of subject imports from China in the event of revocation.

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<sup>102</sup> Third Review, USITC Pub. 4302 at 19-20.

<sup>103</sup> CR/PR at Table I-2. Penn's capacity in 2015 was the same as it was in 2010, but its production was lower. Its operating income ratio was higher than those the domestic industry reported in 1994, 2000, or 2010. *Id.*

<sup>104</sup> CR/PR at Tables I-2, I-5.



#### **IV. Conclusion**

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



## INFORMATION OBTAINED IN THESE REVIEWS

### BACKGROUND

On January 3, 2017, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of antidumping duty order on furfuryl alcohol from China would likely lead to the continuation or recurrence of material injury to a domestic industry.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3 4</sup> The following tabulation presents information relating to the background and schedule of this proceeding:

| Effective or statutory date | Action  |
|-----------------------------|---|
| January 3, 2017             | Notice of initiation and institution by Commerce and Commission |
| May 3, 2017                 | Scheduled date for Commerce results of its expedited review     |
| April 10, 2017              | Scheduled date for Commission vote on adequacy                  |
| June 2, 2017                | Commission statutory deadline to complete expedited review      |
| December 29, 2017           | Commission statutory deadline to complete full review           |

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<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> *Furfuryl Alcohol from China; Institution of a Five-Year Review*, 82 FR 140, January 3, 2017. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. *Initiation of Five-Year (“Sunset”) Review*, 82 FR 84, January 3, 2017. Pertinent *Federal Register* notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> 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.

<sup>4</sup> 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.

## 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(s). It was filed on behalf of Penn A Kem LLC (“Penn A Kem”), domestic producer of furfuryl alcohol (referred to herein as “domestic interested party”)

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 is shown in table I-1.

**Table I-1**

**Furfuryl alcohol: Summary of responses to the Commission’s notice of institution**

| Type of interested party  | Completed responses |                   |
|---------------------------|---------------------|-------------------|
|                           | Number              | Coverage          |
| Domestic:                 |                     |                   |
| U.S. producer             | 1                   | ***% <sup>1</sup> |
| Respondent:               |                     |                   |
| U.S. importer             | (2)                 | (2)               |
| Foreign producer/exporter | (2)                 | (2)               |

<sup>1</sup> In their response to the notice of institution, domestic interested party estimated that they account for this share of total U.S. production of furfuryl alcohol during 2015. *Domestic Interested Parties’ Response to the Notice of Institution*, February 1, 2017, p. 12.

<sup>2</sup> There was no response from U.S. importers nor foreign producer/exporters of furfuryl alcohol from China.

### Party comments on adequacy

The Commission received one submission from parties commenting on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The submission was filed on behalf of Penn A Kem. The domestic interested party 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 furfuryl alcohol from China.<sup>5</sup>

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<sup>5</sup> *Domestic Interested Parties’ Comments on Adequacy*, March 17, 2017, p. 2.

## RECENT DEVELOPMENTS IN THE INDUSTRY

Since the Commission's last five-year review, the following developments have occurred in the furfuryl alcohol industry.

- Commerce determined Chinese furfuryl alcohol was dumped in the U.S. following the most recent continuation of the antidumping order.<sup>6</sup>

## THE ORIGINAL INVESTIGATION AND SUBSEQUENT REVIEWS

### The original investigation

The original investigation resulted from a petition filed on May 31, 1994 with Commerce and the Commission by QO Chemicals, Inc, West Lafayette, Indiana. On May 8, 1995, Commerce determined that imports of furfuryl alcohol from China were being sold at less than fair value ("LTFV").<sup>7</sup> The Commission determined on June 14, 1995 that the domestic industry was materially injured by reason of LTFV imports of furfuryl alcohol from China.<sup>8</sup> On June 21, 1995, Commerce issued its antidumping duty order with the final weighted-average dumping margins ranging from 43.54 to 50.43.<sup>9 10</sup>

### The first five-year review

On August 3, 2000, the Commission determined that it would conduct a full review of the antidumping duty order on furfuryl alcohol from China. On September 5, 2000, Commerce published its determination that revocation of the antidumping duty order on furfuryl alcohol from China would be likely to lead to continuation or recurrence of dumping.<sup>11</sup> On April 26, 2001, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>12</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective, May 4,

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<sup>6</sup> *Furfuryl Alcohol From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2014-2015*, 81 FR 36873, June 8, 2016.

<sup>7</sup> *Notice of Final Determination of Sales at Less Than Fair Value: Furfuryl Alcohol From the People's Republic of China*, 60 FR 22544, May 8, 1995.

<sup>8</sup> *Furfuryl Alcohol From China and South Africa*, 60 FR 32339, June 21, 1995.

<sup>9</sup> *Notice of Antidumping Duty Order: Furfuryl Alcohol From the People's Republic of China (PRC)*, 60 FR 32302, June 21, 1995.

<sup>10</sup> The original petition was also filed with respect to imports of furfuryl alcohol from South Africa and Thailand. However, the antidumping duty orders that resulted from those original findings were revoked for South Africa, effective June 1, 1998 (64 FR 37500, July 12, 1999), prior to the first five-year review, and for Thailand, effective May 4, 2006 (72 FR 9729, March 5, 2007), after the Commission's determination in the second five-year review.

<sup>11</sup> *Final Results of Sunset Review*, 65 FR 53701, September 5, 2000.

<sup>12</sup> *Furfuryl Alcohol From China; Final Determination*, 66 FR 21015, April 26, 2001.

2001, Commerce issued a continuation of the antidumping duty order on imports of furfuryl alcohol from China.<sup>13</sup>

### **The second five-year review**

On July 7, 2006, the Commission determined that it would conduct an expedited review of the antidumping duty order on furfuryl alcohol from China. On June 20, 2006, Commerce published its determination that revocation of the antidumping duty order on furfuryl alcohol from China would be likely to lead to continuation or recurrence of dumping.<sup>14</sup> On September 25, 2006, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>15</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective, October 6, 2006, Commerce issued a continuation of the antidumping duty order on imports of furfuryl alcohol from China.<sup>16</sup>

### **The third five-year review**

On September 1, 2011, the Commission determined that it would conduct an expedited review of the antidumping duty order on furfuryl alcohol from China. On December 19, 2011, Commerce published its determination that revocation of the antidumping duty order on furfuryl alcohol from China would be likely to lead to continuation or recurrence of dumping.<sup>17</sup> On January 31, 2012, the Commission notified Commerce of its determination that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>18</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective, February 16, 2012, Commerce issued a continuation of the antidumping duty order on imports of furfuryl alcohol from China.<sup>19</sup>

## **PRIOR RELATED INVESTIGATIONS**

Furfuryl alcohol has not been the subject of any prior related antidumping or countervailing duty investigations in the United States.

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<sup>13</sup> *Continuation of Antidumping Duty Order: Furfuryl Alcohol From the People's Republic of China (PRC)*, 66 FR 22519, May 4, 2001.

<sup>14</sup> *Final Results of Sunset Review*, 71 FR 35412, June 20, 2006.

<sup>15</sup> *Furfuryl Alcohol from China; Final Determination*, 71 FR 55804, September 25, 2006.

<sup>16</sup> *Continuation of Antidumping Duty Order: Furfuryl Alcohol From the People's Republic of China (PRC)*, 71 FR 59072, October 10, 2006.

<sup>17</sup> *Final Results of Sunset Review*, 76 FR 78613, December 19, 2011.

<sup>18</sup> *Furfuryl Alcohol from China; Final Determination*, 77 FR 5844, February 6, 2012.

<sup>19</sup> *Continuation of Antidumping Duty Order: Furfuryl Alcohol From the People's Republic of China (PRC)*, 77 FR 9203, February 16, 2012.

## THE PRODUCT

### Commerce's scope

Commerce has defined the subject merchandise as:

*"... furfuryl alcohol (C<sub>4</sub>H<sub>3</sub>OCH<sub>2</sub>OH). Furfuryl alcohol is a primary alcohol, and is colorless or pale yellow in appearance. It is used in the manufacture of resins and as a wetting agent and solvent for coating resins, nitrocellulose, and cellulose acetate, and other soluble dyes.*

*The product subject to the order is classifiable under subheading 2932.13.00 of the Harmonized Tariff Schedule of the United States ("HTSUS"). Although the HTSUS subheading is providing for convenience and customs purposes, our written description of the scope of this proceeding is dispositive."*<sup>20</sup>

### Description and uses<sup>21</sup>

Furfuryl alcohol is a colorless or light-yellow liquid that becomes brown or dark red when exposed to light and air.<sup>22</sup> It has a slight odor variously described as that of bread, alcohol, or a burned substance and occurs naturally in beer, bread, and coffee.<sup>23</sup>

The principal use of furfuryl alcohol in the United States and worldwide (\*\*\*) percent) is in the production of furan resins, which are used mainly as binders in the production of sand cores for the ferrous and nonferrous foundry industries (casting metal and nonmetal products).<sup>24</sup> Although there are alternatives to furan resin as a binding agent, there are no known substitutes for furfuryl alcohol in the production of furan resin.<sup>25</sup>

The second principal use of furfuryl alcohol is in the production of tetrahydrofurfuryl alcohol (THFA), which is used in pesticides, pharmaceuticals, and commercial and industrial

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<sup>20</sup> *Furfuryl Alcohol From the People's Republic of China*, 77 FR 9203, February 16, 2012.

<sup>21</sup> Unless otherwise noted, this information is based on *Furfuryl Alcohol From China, Inv. No. 731-TA-703 (Third Review)*, USITC Publication 4302, January 2012, pp. I-6 through I-7.

<sup>22</sup> Its Chemical Abstracts Service (CAS) Registry Number is 98-00-0. The properties of furfuryl alcohol are typical of those of all alcohols. It can be reacted with acids to form esters, dehydrated or reacted with certain other chemicals to form ethers, or reacted with oxygen to form an aldehyde or acid.

<sup>23</sup> "Furfuryl Alcohol," Good Scents Company, n.d., <http://www.thegoodscentscompany.com/data/rw1013391.html> (accessed February 17, 2017).

<sup>24</sup> In the original investigation, furan resin production accounted for more than 90 percent of furfuryl alcohol consumption. *Furfuryl Alcohol From the People's Republic of China and South Africa, Inv. No. 731-TA-703 and 704 (Final)*, USITC Publication 2897, June 1995, p. II-6. One industry source estimated that figure to be \*\*\* percent in 2015. \*\*\*.

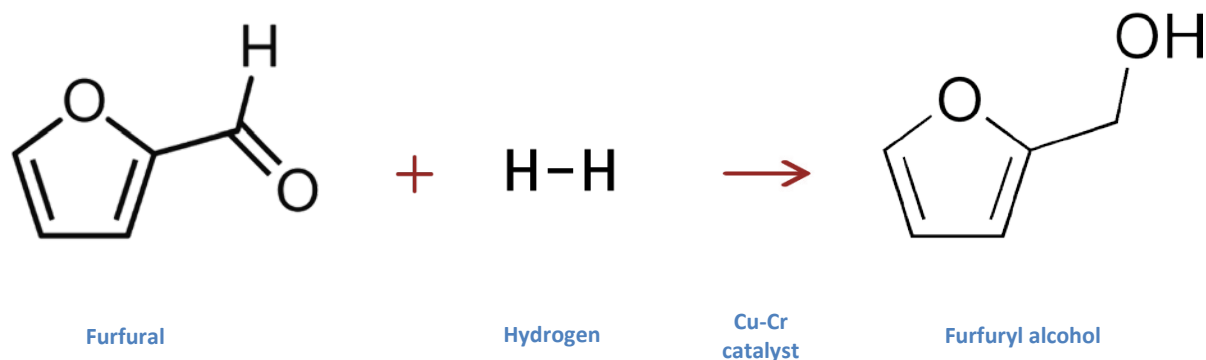
<sup>25</sup> *Furfuryl Alcohol From the People's Republic of China and South Africa, Inv. No. 731-TA-703 and 704 (Final)*, USITC Publication 2897, June 1995, p. II-6.

cleaners and in coating and dyeing operations.<sup>26</sup> Other uses for furfuryl alcohol include production of copolymer resins, fiber-reinforced plastics, low-fire hazard foams, corrosion-resistant cements, flavor and fragrance chemicals, pharmaceutical and pesticide products, and specialty solvents in paint strippers and biocides.<sup>27</sup>

### Manufacturing process<sup>28</sup>

Furfuryl alcohol is produced by the addition of hydrogen to furfural and use of a copper chromite catalyst (fig. 1-1).

Fig. I-1. Production process for furfuryl alcohol.



Source: \*\*\*.

Furfural is produced by combining agricultural by-products such as corncobs, sugarcane bagasse, and other biomass with an acid. The two commercial methods of producing furfuryl alcohol are a vapor-based process and a liquid-based process. In the vapor-based process, used by manufacturers other than in China, the furfural feedstock is vaporized, mixed with hydrogen gas, and passed through a copper catalyst to produce crude furfuryl alcohol vapor, which is then condensed and distilled to yield the desired level of purity.<sup>29</sup> In the older liquid-based

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<sup>26</sup> \*\*\*.

<sup>27</sup> Ibid.; *Furfuryl Alcohol From the People's Republic of China and South Africa*, Inv. No. 731-TA-703 and 704 (Final), USITC Publication 2897, June 1995, p. II-8.

<sup>28</sup> Unless otherwise noted, this information is based on *Furfuryl Alcohol From China*, Inv. No. 731-TA-703 (Third Review), USITC Publication 4302, January 2012, p. I-7.

<sup>29</sup> Furfuryl alcohol is sold as pure at 98 percent purity levels. See Penn A Kem, "FA® Furfuryl Alcohol," 2008, [http://pennakem.com/pdfs/fa\\_tds01.pdf](http://pennakem.com/pdfs/fa_tds01.pdf) (technical data sheet); Penn A Kem, "Sales Specifications: QO® Furfuryl Alcohol," 2003, [http://pennakem.com/sales\\_specs/FASalesSpec.pdf](http://pennakem.com/sales_specs/FASalesSpec.pdf); Nova Molecular Technologies, "Nova Furfuryl Alcohol," October 22, 2012, <http://novamolecular.com/nmt/wp-content/uploads/2012/10/Nova-Furfuryl-Alcohol-Spec-Sheet.pdf> (specifications sheet).



method, used by producers in China, liquid furfural is mixed with a powdered catalyst; and hydrogen gas is bubbled through the mixture, yielding crude furfuryl alcohol.<sup>30</sup>

The vapor-based process generally is considered more cost efficient because it consumes less energy and feedstock per pound of product and results in a higher grade of crude material, reducing distillation needs.<sup>31</sup> Regardless of the method used, the final product marketed by all world producers is a fungible commodity chemical.<sup>32</sup> Production equipment is specific to furfuryl alcohol production and is not readily converted to alternative use.<sup>33</sup>

### **U.S. tariff treatment**

Furfuryl alcohol is currently imported under HTS statistical reporting number 2932.13.0000 (“furfuryl alcohol and tetrahydrofurfuryl alcohol”). Furfuryl alcohol imported from China enters the U.S. market at a column 1-general duty rate of 3.7 percent *ad valorem*.

### **The definition of the domestic like product**

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. In its original determination and subsequent five-year review determinations, the Commission defined the domestic like product as furfuryl alcohol coextensive with Commerce’s scope.<sup>34</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding what they deemed to be the appropriate definition of the domestic like product. According to their response to the notice of institution, the domestic interested party agreed with the Commission’s definition of the domestic like product as stated in the last five-year review.<sup>35</sup>

### **ACTIONS AT COMMERCE**

Commerce has not conducted any changed circumstances reviews, critical circumstances reviews, or anti-circumvention findings since the competition of the last five year

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<sup>30</sup> *Furfuryl Alcohol From the People’s Republic of China and South Africa, Inv. Nos. 731-TA-703 and 704 (Final)*, USITC Publication 2897, June 1995, p. II-4 n.3.

<sup>31</sup> *Furfuryl Alcohol From China and Thailand, Inv. Nos 731-TA-703 and 705 (Review)*, USITC Publication 3412, April 2001, p. I-5; \*\*\*.

<sup>32</sup> *Furfuryl Alcohol From the People’s Republic of China and South Africa, Inv. Nos. 731-TA-703 and 704 (Final)*, USITC Publication 2897, June 1995, p. II-5.

<sup>33</sup> *Furfuryl Alcohol From China and Thailand, Inv. Nos 731-TA-703 and 705 (Review)*, USITC Publication 3412, April 2001, p. I-5.

<sup>34</sup> *Furfuryl Alcohol from China, Inv. No. 731-TA-703 (Third Review)*, USITC Publication 4302, January 2012, p 5.

<sup>35</sup> *Domestic Interested Party’s Response to the Notice of Institution*, February 1, 2017, p. 12.

review. In addition, Commerce has not made any duty absorption findings or issued any company revocations since the imposition of the order. On June 8, 2016, Commerce published the results of an administrative review covering Qingdao WenKem Co., Ltd. during the period of June 1, 2014 through May 31, 2015. As a result of the administrative review, Commerce determined that a dumping margin of 45.27 percent exists for Qingdao WenKem Co., Ltd., and determined it to be part of the PRC-wide entity.<sup>36</sup>

### **Scope rulings**

Effective April 7, 2014, Commerce determined the blending of 0.3 percent of silane coupling compound additive into furfuryl alcohol is insufficient to exclude a product from the scope of the order, as such, furfuryl alcohol to which up to 0.3 percent of silane by volume has been added prior to importation (i.e., a mixture of furfuryl alcohol and silane, of which the silane component comprises no more than 0.3 percent of the total volume of the blend), including but not limited to products with the trade name “Faint S,” is within the scope of the order. This order was requested by Penn A Kem on November 14, 2013.<sup>37</sup>

### **Current five-year review**

Commerce is conducting expedited reviews with respect to the antidumping duty order on furfuryl alcohol from China and intends to issue the final results of these reviews based on the facts available not later than May 3, 2017.<sup>38</sup>

## **THE INDUSTRY IN THE UNITED STATES**

### **U.S. producers**

Significant restructuring of the U.S. furfuryl alcohol industry took place since the period of review of the original investigation. At that time, Great Lakes, an integrated producer, was the sole domestic producer, selling most of its product to end users. Since the original investigation, Penn bought the facilities and Great Lakes, selling one of the plants, leading to a sharp decline in capacity and a shift in sales from end users to \*\*\* during the periods of the second and third reviews.

Since 1992 (the beginning of the period examined in the original investigations), only one plant in Memphis, Tennessee, has produced furfuryl alcohol continuously in the U.S. It is currently owned by Penn A Kem, the successor to Penn Chemicals (“Penn”). Another plant in

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<sup>36</sup> *Furfuryl Alcohol From the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2014-2015*, 81 FR 36873, June 8, 2016.

<sup>37</sup> *Notice of Scope Rulings*, 79 FR 19057, April 7, 2014.

<sup>38</sup> *Letter from Mark Hoadley, Program Manager, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Michael G. Anderson*, March 15, 2017.

Omaha, Nebraska, was already idle in June 1999 when both plants were purchased by Penn from “QO,” a subsidiary of the Great Lakes Chemical Corp. (“Great Lakes”), which was otherwise known as “QO Chemicals” in reference to the two plants’ ownership by the Quaker Oats Co. prior to 1985. Penn shut down the Omaha plant in December 1999 and \*\*\*. \*\*\*. Another firm, ARS, produced furfuryl alcohol in Houston, Texas \*\*\* from June 1990 through November 1992. The reasons for its demise were complex, including \*\*\*. A fourth U.S. plant, owned and operated by Ferro Corp. (“Ferro”) in Walton Hills, OH was refitted to produce furfuryl alcohol for \*\*\*, under a toll agreement from \*\*\* and was then idled.<sup>39</sup> Hence, by 2000, only one U.S. plant produced furfuryl alcohol.<sup>40</sup>

Penn was a worldwide producers of specialty chemical products, including furfuryl and tetrahydrofurfuryl alcohol (THFA). In 2000, the \*\*\* alcohol production was toll-produced for \*\*\*. Most of the remaining production was internally consumed in the manufacture of THFA.<sup>41</sup> In 2005, during the second expedited review, the situation \*\*\*.<sup>42</sup> During the third expedited investigation, Penn A Kem reported that, in July 2008, Minafin SARL, a Luxembourg-registered company, acquired the assets of Penn Specialty Chemicals, Inc. and named the new company Penn A Kem LLC. Penn A Kem further reported that it was the only domestic producer of furfuryl alcohol and it is not related to any exporter or importer of the subject merchandise.<sup>43</sup>

In response to the Commission’s notice of institution in this current review, the domestic interested party one again reported that it was the only known and currently operating U.S. producer of furfuryl alcohol.<sup>44</sup>

### **Definition of the domestic industry and related party issues**

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

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<sup>39</sup> *Investigation Nos. 731-TA-703-705 (Final): Furfuryl Alcohol From China, South Africa and Thailand—Staff Report*, INV-S-072, May 25, 1995, pp. II-15-16; *Investigation Nos. 731-TA-703 and 705 (Review): Furfuryl Alcohol From China and Thailand—Staff Report*, p. I-12.

<sup>40</sup> Nova Molecular Technologies Inc., a privately owned Wisconsin company with a production facility in Texas, represents on its website that it sells furfuryl alcohol, and it offers a specifications sheet dated October 2012 to that effect. Nova’s past or current production and sales of furfuryl alcohol are unconfirmed. Nova Molecular Technologies, “Nova Furfuryl Alcohol,” October 22, 2012, <http://novamolecular.com/nmt/wp-content/uploads/2012/10/Nova-Furfuryl-Alcohol-Spec-Sheet.pdf> (specifications sheet). \*\*\*.

<sup>41</sup> *Investigation Nos. 731-TA-703 and 705 (Review): Furfuryl Alcohol From China and Thailand—Staff Report*, p. I-12

<sup>42</sup> *Investigation Nos. 731-TA-703 and 705 (Second Review): Furfuryl Alcohol From China and Thailand—Staff Report*, p. I-16.

<sup>43</sup> *Furfuryl Alcohol from China, Inv. No. 731-TA-703, (Third Review)*, USITC Publication 4302, January 2012 pp. I-13-14.

<sup>44</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, February 1, 2017, p. 10.

provision, the Commission may exclude a related party for purposes of its injury determination if “appropriate circumstances” exist.<sup>45</sup> In its original determination and its subsequent five-year review determinations, the Commission defined the domestic industry as all U.S. producers of the domestic like product.<sup>46</sup>

In its notice of institution for this review, the Commission solicited comments from interested parties regarding the appropriate definition of the domestic industry and inquired as to whether any related parties issues existed. The domestic interested parties did not cite any potential related parties issues and agreed with the Commission’s prior definition of the domestic industry.<sup>47</sup>

### **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.<sup>48</sup> Table I-2 presents a compilation of the data submitted from all responding U.S. producers as well as trade and financial data submitted by U.S. producers in the original investigation/prior five-year review.

**Table I-2**

**Furfuryl alcohol: Trade and financial data submitted by U.S. producers, 1994, 2000, 2005, 2010, and 2015**

\* \* \* \* \*

### **U.S. IMPORTS AND APPARENT CONSUMPTION**

#### **U.S. importers**

During the final phase of the original investigation, the Commission received U.S. importer questionnaires from seven firms, which accounted for the vast majority of total U.S. imports of furfuryl alcohol from China during the period 1992-94.<sup>49</sup>

During the first five-year reviews, the bulk of imported furfuryl alcohol was imported by three large chemical distributors: \*\*\*. According to the domestic interested party in the second

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<sup>45</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>46</sup> *Furfuryl Alcohol from the People’s Republic of China and South Africa, Inv. Nos. 731-TA-703 and 704 (Final)*, USITC Publication 2897, June 1995, pp. 1-5-6; *Furfuryl Alcohol from China and Thailand, Inv. No. 731-TA-703 and 705 (Review)*, USITC Publication 3412, April 2001, pp. 4-5; *Furfuryl Alcohol from China and Thailand, Inv. No. 731-TA-703 and 705 (Second Review)*, USITC Publication 3885, September 2006, pp. 4-5; *Furfuryl Alcohol from China, Inv. No. 731-TA-703 (Third Review)*, USITC Publication 4302, January 2012, pp. 4-5.

<sup>47</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, February 1, 2017, p. 12.

<sup>48</sup> Individual company trade and financial data are presented in app. B.

<sup>49</sup> *Investigation Nos. 731-TA-703 (Third Review): Furfuryl Alcohol From China—Staff Report*, INV-KK-004, January 4, 2012, p. I-16.

five-year review, Chemtex \*\*\* the sole importer of furfuryl alcohol from Thailand. There were no importers of the subject merchandise from China during the second five-year review. There is no other information on the record concerning importers of furfuryl alcohol from other sources in the second five-year review.<sup>50</sup>

According to the domestic interested party in the third expedited five-year review, Penn A Kem, subject imports from China left the U.S. market upon issuance of the original order and subject imports from China have not returned to the U.S. market. Penn A Kem further reported that to the best of its knowledge, Chinese exporters have not sold furfuryl alcohol in the United States since the imposition of the order. However, Penn A Kem indicated that data acquired from Chinese export statistics reveal average f.o.b. values for 2010 exports from China to the European Union that were \*\*\*.<sup>51</sup>

Although the Commission did not receive responses from any respondent interested parties in this current review, in its response to the Commission’s notice of institution, the domestic interested party provided a list of one potential U.S. importer of furfuryl alcohol from China. The domestic interested party still believes that shipments of Chinese furfuryl alcohol to the United States were significantly reduced or ceased all together after the imposition of the order.<sup>52</sup>

### U.S. imports

Table I-3 presents the quantity, value, and unit value for imports from China as well as the other top sources of U.S. imports (shown in descending order of 2015 imports by quantity). Furfuryl alcohol from China was imported into the United States during only two months in 2011 and 2013 and only one month in 2012 and 2015. Furfuryl alcohol from China was not imported into the United States in 2014. The ports of entry were Charleston, South Carolina, Chicago, Illinois, Los Angeles, California, and New York, New York.

**Table I-3**  
**Furfuryl alcohol: U.S. imports, 2011-2015**

\* \* \* \* \*

### Apparent U.S. consumption and market shares

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

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<sup>50</sup> Ibid.

<sup>51</sup> *Investigation No. 731-TA-703 (Third Review): Furfuryl Alcohol From China—Staff Report*, INV-KK-004, January 4, 2012, pp. I-16-17.

<sup>52</sup> *Domestic Interested Parties’ Response to the Notice of Institution*, February 1, 2017, p. 10.

**Table I-4**

**Product: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1994, 2000, 2005, 2010, and 2015**

\* \* \* \* \*

**Table I-5**

**Product: Apparent U.S. consumption and U.S. market shares, 1994, 2000, 2005, 2010, and 2015**

\* \* \* \* \*

### **THE INDUSTRY IN CHINA**

During the final phase of the original investigation, the Commission reported that there were at least 16 producers of furfuryl alcohol in China. Data were provided to the Commission in that original investigation by one Chinese producer (Sinochem Shandong Import & Export Group) that account for an estimated \*\*\* percent of China's production in 1994. Respondents in the first five-year review of the order indicated that there were as many as 32 Chinese producers of furfuryl alcohol at that time. Five Chinese producers representing an estimated \*\*\* percent of production capacity in China during 2000 and three Chinese exporters answered the Commission's foreign producer questionnaire in the full first five-year review of the order. In the expedited second five-year review, the Commission did not receive responses from Chinese producers; however, Penn Chemical listed 32 producers of furfuryl alcohol in China. In the expedited third five-year review, Penn A Chem identified 17 known producers of furfuryl alcohol in China.<sup>53</sup> In response to the Commission's notice of institution in this current fourth five-year review, Penn A Chem identified 14 known producers of furfuryl alcohol in China.<sup>54</sup> The Commission once again did not receive responses from any Chinese producers or respondent interested parties.

### **ANTIDUMPING OR COUNTERVAILING DUTY ORDERS IN THIRD-COUNTRY MARKETS**

On October 27, 2003, the EU imposed antidumping duties on furfuryl alcohol from China.<sup>55</sup> The antidumping duty rates were the following:

|            |              |
|------------|--------------|
| Gaoping    | 18.3 percent |
| Huilong    | 17.9 percent |
| Linzi      | 8.9 percent  |
| Zhucheng   | 10.3 percent |
| All others | 32.1 percent |

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<sup>53</sup> *Investigation No. 731-TA-703 (Third Review): Furfuryl Alcohol From China—Staff Report*, INV-KK-004, January 4, 2012, p. I-19.

<sup>54</sup> *Domestic Interested Parties' Response to the Notice of Institution*, February 1, 2017, exh. D.

<sup>55</sup> Publication Third Review Report p. I-13

## THE GLOBAL MARKET

Global trade in furfuryl alcohol is tracked under HTS subheading 2932.13.00, which contains furfuryl alcohol and THFA. Table I-6 presents the largest global export sources of furfuryl alcohol and THFA during 2011-15. China's share of global exports increased from 71 percent in 2011 to 79 percent in 2015, while total global exports decreased by 53 percent during the same period.

**Table I-6**  
**Furfuryl alcohol and THFA: Global exports by major sources, 2011-15**

| Source         | Value (1,000 dollars) |         |         |         |         |
|----------------|-----------------------|---------|---------|---------|---------|
|                | 2011                  | 2012    | 2013    | 2014    | 2015    |
| China          | 247,299               | 153,981 | 119,120 | 144,368 | 128,722 |
| Thailand       | 28,189                | 18,018  | 11,351  | 11,947  | 10,174  |
| South Africa   | 18,602                | 18,624  | 15,747  | 7,876   | 6,960   |
| Netherlands    | 28,379                | 13,698  | 8,323   | 7,387   | 6,677   |
| USA            | 12,536                | 11,289  | 8,917   | 11,488  | 6,603   |
| Czech Republic | 3,042                 | 6,716   | 6,214   | 7,157   | 1,105   |
| All other      | 11,652                | 4,596   | 3,935   | 3,516   | 2,651   |
| Total          | 349,699               | 226,921 | 173,606 | 193,740 | 162,892 |

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

Source: Global Trade Information Services, Inc., Global Trade Atlas, HTS subheading 2932.13.00. These data are overstated with regard to furfuryl alcohol as HTS 2932.13.00 contains THFA, which is 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](http://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  |
|------------------------------|--|---|
| 82 FR 140<br>January 3, 2017 | <i>Furfuryl Alcohol From China; Institution of a Five-Year Review</i>          | <a href="https://www.gpo.gov/fdsys/pkg/FR-2017-01-03/pdf/2016-31464.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-01-03/pdf/2016-31464.pdf</a> |
| 82 FR 84<br>January 3, 2017  | <i>Initiation of Five-Year ("Sunset") Reviews: Furfuryl Alcohol From China</i> | <a href="https://www.gpo.gov/fdsys/pkg/FR-2017-01-03/pdf/2016-31844.pdf">https://www.gpo.gov/fdsys/pkg/FR-2017-01-03/pdf/2016-31844.pdf</a> |



**APPENDIX B**  
**COMPANY-SPECIFIC DATA**



**RESPONSE CHECKLIST FOR U.S. PRODUCERS**

| Item   | Penn A Kem LLC  |
|--|---|
|  | <b>Quantity=pounds; value=dollars;</b>                                      |
|  | <b>Unit values, unit labor costs, and unit financial data are per pound</b> |
| <b>Nature of operation</b>   | ✓   |
| <b>Statement of intent to participate</b>  | ✓   |
| <b>Statement of likely effects of revoking the order</b>   | ✓   |
| <b>U.S. producer list</b>  | ✓   |
| <b>U.S. importer/foreign producer list</b>   | ✓   |
| <b>List of 3-5 leading purchasers</b>  | ✓   |
| <b>List of sources for national/regional prices</b>  | ✓   |
| <b>Production:</b>   |   |
| <b>Quantity</b>  | ***   |
| <b>Percent of total reported</b>   | ***   |
| <b>Capacity</b>  | ***   |
| <b>Commercial shipments:</b>   |   |
| <b>Quantity</b>  | ***   |
| <b>Value</b>   | ***   |
| <b>Internal consumption:</b>   |   |
| <b>Quantity</b>  | ***   |
| <b>Value</b>   | ***   |
| <b>Net sales</b>   | ***   |
| <b>COGS</b>  | ***   |
| <b>Gross profit or (loss)</b>  | ***   |
| <b>SG&amp;A expenses (loss)</b>  | ***   |
| <b>Operating income/(loss)</b>   | ***   |
| <b>Changes in supply/demand</b>  | ✓   |
| <b>Note.—The production, capacity, and shipment data presented are for calendar year 2016. The financial data are for fiscal year ended December 31.</b> |   |
| ü = response provided; û = response not provided; <b>NA</b> = not applicable; ? = indicated that the information was not known.                          |   |





**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR REVIEWS**



**Table C-1**

**Furfuryl alcohol: U.S. producers' trade, employment, and financial data, 1992-94, 1996-2000, and 2005**

\* \* \* \* \*

**Table C-2**

**Furfuryl alcohol: Trade, employment, and financial data, 2010**

\* \* \* \* \*



**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 the domestic interested party and it named the following three firms as the top purchasers of furfuryl alcohol: \*\*\*. Purchaser questionnaires were sent to these three firms and two firms (\*\*\*) provided responses which are presented below.

1. a.) Have any changes occurred in technology; production methods; or development efforts to produce furfuryl alcohol that affected the availability of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China since 2012?

b.) Do you anticipate any changes in technology; production methods; or development efforts to produce furfuryl alcohol that will affect the availability of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China within a reasonably foreseeable time?

| <b>Purchaser</b> | <b>Changes that have occurred</b>  | <b>Anticipated changes</b> |
|------------------|--|----------------------------|
| ***              | No   | No                         |
| ***              | No. As ChemPoint is a distributor only, no one at ChemPoint is intimately familiar with the manufacturing practices used to produce Furfuryl Alcohol. We are not aware of any significant changes in availability. | No                         |

2. a.) Have any changes occurred in the ability to increase production of furfuryl alcohol (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that affected the availability of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China since 2012?

b.) Do you anticipate any changes in the ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production) that will affect the availability of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China within a reasonably foreseeable time?

| <b>Purchaser</b> | <b>Changes that have occurred</b>   | <b>Anticipated changes</b> |
|------------------|---|----------------------------|
| ***              | No  | No                         |
| ***              | No. As ChemPoint is a distributor only, no one at ChemPoint is intimately familiar with the manufacturing practices used to produce Furfuryl Alcohol. We are not aware of any significant changes in production capacity. | No                         |

3. a.) Have any changes occurred in factors related to the ability to shift supply of furfuryl alcohol among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that affected the availability of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China since 2012?

b.) Do you anticipate any changes in factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad) that will affect the availability of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China within a reasonably foreseeable time?

| <b>Purchaser</b> | <b>Changes that have occurred</b>  | <b>Anticipated changes</b> |
|------------------|--|----------------------------|
| ***              | No   | No                         |
| ***              | No. ChemPoint only distributes this product within the US and Canada. We are not familiar with the condition of other markets of this product. | No                         |

4. a.) Have there been any changes in the end uses and applications of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China since 2012?

b.) Do you anticipate any changes in the end uses and applications of furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China within a reasonably foreseeable time?

| <b>Purchaser</b> | <b>Changes that have occurred</b> | <b>Anticipated changes</b> |
|------------------|-----------------------------------|----------------------------|
| ***              | No                                | No                         |
| ***              | No                                | No                         |

5. a.) Have there been any changes in the existence and availability of substitute products for furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China since 2012?

b.) Do you anticipate any changes in the existence and availability of substitute products for furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China within a reasonably foreseeable time?

| <b>Purchaser</b> | <b>Changes that have occurred</b> | <b>Anticipated changes</b> |
|------------------|-----------------------------------|----------------------------|
| ***              | No                                | No                         |
| ***              | No                                | No                         |

6. a.) Have there been any changes in the level of competition between furfuryl alcohol produced in the United States, furfuryl alcohol produced in China, and such merchandise from other countries in the U.S. market or in the market for furfuryl alcohol in China since 2012?

b.) Do you anticipate any changes in the level of competition between furfuryl alcohol produced in the United States, furfuryl alcohol produced in China, and such merchandise from other countries in the U.S. market or in the market for furfuryl alcohol in China within a reasonably foreseeable time?

| <b>Purchaser</b> | <b>Changes that have occurred</b> | <b>Anticipated changes</b> |
|------------------|-----------------------------------|----------------------------|
| ***              | No                                | No                         |
| ***              | No                                | No                         |



7. a.) Have there been any changes in the business cycle for furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China since 2012?
- b.) Do you anticipate any changes in the business cycle for furfuryl alcohol in the U.S. market or in the market for furfuryl alcohol in China within a reasonably foreseeable time?

| <b>Purchaser</b> | <b>Changes that have occurred</b> | <b>Anticipated changes</b> |
|------------------|-----------------------------------|----------------------------|
| ***              | No                                | No                         |
| ***              | No                                | No                         |

