

# Glycine From China

Investigation No. 731-TA-718 (Review)

Publication 3315

June 2000

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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## CONTENTS

	<i>Page</i>
Determination .....	1
Views of the Commission .....	3
Information obtained in the review .....	I-1
Introduction .....	I-3
The original investigation .....	I-3
Commerce's final results of expedited sunset review .....	I-4
The product .....	I-4
Scope .....	I-4
Description and uses .....	I-4
Marketing .....	I-6
The industry in the United States .....	I-6
U.S. producers .....	I-6
U.S. production, capacity, and shipments .....	I-7
U.S. imports and consumption .....	I-8
U.S. imports .....	I-8
Apparent U.S. consumption .....	I-11
The foreign industry .....	I-12
 <b>Appendix</b>	
A. <i>Federal Register</i> notices .....	A-1
B. Statement on adequacy .....	B-1
 <b>Figure</b>	
I-1. Glycine: U.S. imports from China, by quantity, 1992-99 .....	I-9
 <b>Tables</b>	
I-1. Glycine: U.S. producers' capacity, production, and U.S. shipments, 1992-94 and 1999 ...	I-7
I-2. Glycine: U.S. imports, 1992-94 and 1998-99 .....	I-10
I-3. Glycine: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, on the basis of quantity, 1992-94 and 1999 .....	I-12
I-4. Glycine: Chinese capacity and shipments, 1992-94 .....	I-13

**Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been identified by the use of \*\*\*.**

## GLOSSARY

***	***
***	***
Chattem	Chattem, Inc.
China National Huayu	China National Huayu Import & Export Trading Corp.
***	***
Commerce	U.S. Department of Commerce
Commission/USITC	U.S. International Trade Commission
Customs	U.S. Customs Service
EU	European Union
FDA	Food and Drug Administration
F.o.b.	Free-on-board
FR	<i>Federal Register</i>
FY	Fiscal year
GNP	Gross national product
HTS	Harmonized Tariff Schedule of the United States
Hampshire	Hampshire Chemical Corp.
***	***
***	***
***	***
***	***
LTFV	Less than fair value
MOFTEC	Chinese Ministry of Foreign Trade and Economic Cooperation
<i>Response</i>	Response to the Commission's Notice of Institution
***	***
United States Pharmacopoeia Convention	United States Pharmacopoeia Convention, Inc.
***	***
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**UNITED STATES INTERNATIONAL TRADE COMMISSION**

Investigation No. 731-TA-718 (Review)

**GLYCINE 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 determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

**BACKGROUND**

The Commission instituted this review on February 3, 2000 (65 F.R. 5371, February 3, 2000) and determined on May 5, 2000 that it would conduct an expedited review (65 F.R. 31145, May 16, 2000). The Commission transmitted its determination in this review to the Secretary of Commerce on June 30, 2000.

By order of the Commission.

Donna R. Koehnke  
Secretary

Issued:

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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 C.F.R. § 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 Act”), that revocation of the antidumping duty order covering imports of glycine from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. BACKGROUND

In March 1995, the Commission determined that an industry in the United States was threatened with material injury by reason of imports of glycine from China that the Department of Commerce (“Commerce”) had determined to be sold in the United States at less than fair value.<sup>1</sup> On March 29, 1995, Commerce issued an antidumping duty order on glycine from China.<sup>2</sup>

On February 3, 2000, the Commission instituted a review pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury.<sup>3</sup>

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review, as follows. First, the Commission determines whether individual responses of interested parties to the notice of institution are adequate. Second, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties – domestic interested parties (producers, unions, trade associations, or worker groups) and respondent interested parties (importers, exporters, foreign producers, trade associations, or subject country governments) – demonstrate a sufficient willingness among each group to participate and provide information requested in a full review.<sup>4</sup> If the Commission finds the responses from either group of interested parties to be inadequate, the Commission may determine, pursuant to section 751(c)(3)(B) of the Act, to conduct an expedited review unless it finds that other circumstances warrant a full review.

The only response to the Notice of Institution in this review was filed jointly by Hampshire Chemical Corp. (“Hampshire”), and Chattem Chemical, Inc. (“Chattem”). Hampshire and Chattem (collectively “the domestic producers”) are domestic producers of glycine that were the petitioners in the original Commission investigation. No respondent interested party filed a response.

On May 5, 2000, the Commission determined that the individual and group domestic interested party responses to its notice of institution were adequate and the respondent interested party group

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<sup>1</sup> Glycine from China, Inv. No. 731-TA-718 (Final), USITC Pub. 2863 (March 1995) (“Original Determination”).

<sup>2</sup> 60 Fed. Reg. 16116 (March 29, 1995).

<sup>3</sup> 65 Fed. Reg. 5371 (Feb. 3, 2000).

<sup>4</sup> See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

response was inadequate.<sup>5</sup> Pursuant to section 751(c)(3)(B) of the Act,<sup>6</sup> the Commission voted to expedite its review of this matter.<sup>7 8</sup>

## II. DOMESTIC LIKE PRODUCT AND INDUSTRY

### A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “domestic industry.”<sup>9</sup> The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>10</sup> In a section 751(c) review, the Commission must also take into account “its prior injury determination.”<sup>11</sup>

In its final five-year review determination, Commerce defined the subject merchandise as:

glycine, which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at various levels of purity and is used as a sweetener/taste enhancer, a buffering agent, reabsorbable amino acid, chemical intermediate, and a metal complexing agent. . . . The scope of this order includes glycine of all purity levels. In a separate scope ruling, the Department determined that D(-)Phenylglycine Ethyl Dane Salt is outside the scope of the order.<sup>12</sup>

In the original investigation, the Commission determined that all glycine constituted a single like product.<sup>13</sup> There is no new information obtained during this five-year review that would suggest a reason for revisiting the Commission’s original like product determination.<sup>14</sup> We consequently continue to define the domestic like product as all glycine, coextensively with Commerce’s scope.

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<sup>5</sup> See Glycine from China, Inv. No. 731-TA-718 (Review), Explanation of Commission Determination on Adequacy (May 2000).

<sup>6</sup> 19 U.S.C. § 1675(c)(3)(B).

<sup>7</sup> 65 Fed. Reg. 31145 (May 16, 2000).

<sup>8</sup> Portions of the Domestic Producers’ Comments filed on June 7, 2000 contained new factual information in contravention of Commission rule 207.62(d), 19 C.F.R. § 207.62(d). Pursuant to that regulation, we have disregarded the new information.

<sup>9</sup> 19 U.S.C. § 1677(4)(A).

<sup>10</sup> 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (CIT 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (CIT 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 96-249 at 90-91 (1979).

<sup>11</sup> 19 U.S.C. § 1675(a)(1)(a).

<sup>12</sup> 65 Fed. Reg. 36405, 36406 (June 8, 2000) (footnote omitted).

<sup>13</sup> Original Determination, USITC Pub. 2863 at I-6.

<sup>14</sup> Confidential Report (“CR”) at I-5-8, Public Report (“PR”) at I-4-6.

## **B. Domestic Industry**

Section 771(4)(A) of the Act defines the relevant industry as the “domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product.”<sup>15</sup> Given our definition of the domestic like product, we define the domestic industry as all domestic producers of glycine. Hampshire and Chatterm were the only domestic producers of glycine at the time of the original investigation.<sup>16</sup> They remain so today.<sup>17</sup>

## **III. REVOCATION OF THE ANTIDUMPING DUTY ORDER ON GLYCINE FROM CHINA WOULD LIKELY LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME**

### **A. Legal Standard**

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that subsidization and/or dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>18</sup> The Uruguay Round Agreements Act Statement of Administrative Action (SAA) states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation [of the order] . . . and the elimination of its restraining effects on volumes and prices of imports.”<sup>19</sup> Thus, the likelihood standard is prospective in nature.<sup>20</sup> The statute provides that “the Commission shall consider that the effects of revocation . . . may not be imminent, but may manifest themselves only over a longer period of time.”<sup>21</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-

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<sup>15</sup> 19 U.S.C. § 1677(4)(A).

<sup>16</sup> Original Determination, USITC Pub. 2863 at I-6.

<sup>17</sup> Domestic Producers’ Response to Notice of Institution at 9. Additionally, neither Hampshire nor Chatterm currently imports subject merchandise. Nor is either firm related to any exporter or importer of subject merchandise. CR at I-9, PR at I-7. Hence, there are no related party issues in this review.

<sup>18</sup> 19 U.S.C. § 1675a(a).

<sup>19</sup> SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry).” SAA at 883.

<sup>20</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>21</sup> 19 U.S.C. § 1675a(a)(5).

to-case, but normally will exceed the ‘imminent’ time frame applicable in a threat of injury analysis [in antidumping duty investigations].”<sup>22 23</sup>

Although the standard in five-year reviews is not the same as the standard applied in original antidumping duty investigations, 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 order is revoked.”<sup>24</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 under review, and whether the industry is vulnerable to material injury if the order is revoked.<sup>25 26</sup>

Section 751(c)(3) of the Act and the Commission’s regulations provide that in an expedited five-year review the Commission may issue a final determination “based on the facts available, in accordance with section 776.”<sup>27</sup> We note that the statute authorizes the Commission to take adverse inferences in five-year reviews, but emphasize that such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our

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<sup>22</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>23</sup> In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

<sup>24</sup> 19 U.S.C. § 1675a(a)(1).

<sup>25</sup> 19 U.S.C. § 1675a(a)(1). 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. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>26</sup> Section 752(a)(1)(D) of the Act directs the Commission to take into account in five-year reviews involving antidumping proceedings “the findings of the administrative authority regarding duty absorption.” 19 U.S.C. § 1675a(a)(1)(D). Commerce has not issued any duty absorption findings in connection with the order under review.

<sup>27</sup> 19 U.S.C. § 1675(c)(3)(B); 19 C.F.R. § 207.62(e). Section 776 of the Act, in turn, authorizes the Commission to “use the facts otherwise available” in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(i) of the Act. 19 U.S.C. § 1677e(a). The statute permits the Commission to use adverse inferences in selecting from among the facts otherwise available when an interested party has failed to cooperate by acting to the best of its ability to comply with a request for information. 19 U.S.C. § 1677e(b). Such adverse inferences may include selecting from information from the record of our original determination and any other information placed on the record. *Id.*

decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive."<sup>28</sup> As noted above, no respondent interested party responded to the Commission's notice of institution. Accordingly, we have relied on the facts available in this review, which consist primarily of the record in the Commission's original investigation, the limited information collected by the Commission since the institution of this review, and the information submitted by the domestic producers.

For the reasons stated below, we determine that revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

## **B. Conditions of Competition**

In evaluating the likely impact of the subject imports on the domestic industry, 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>29</sup>

As in the original investigation, the record in this review indicates that the market for glycine is characterized by several conditions of competition. First, glycine is typically used as an intermediate product by manufacturers in the production of downstream products, such as pharmaceuticals and food products, pet food, and antiperspirants. Demand for glycine is derived from demand for the finished products. Because of the lack of substitute products for glycine and because glycine generally accounts for a small proportion of the total costs of the products in which it is used, changes in the price of glycine are unlikely to affect the quantity demanded. In many of the industries that use glycine, a relatively small number of customers are responsible for a large portion of glycine consumption. Because the customers can be under intense competition to reduce their input costs, individual customers have significant incentive to demand, and ability to obtain, price concessions from producers.<sup>30</sup>

The record indicates that apparent U.S. consumption of glycine was higher in 1999 than during the period examined in the original investigation.<sup>31</sup> Inasmuch as the end uses for glycine have not changed since the time of the original investigation,<sup>32</sup> the increase in consumption appears to be a function of increased demand for the finished products in which glycine is used.

Although, as in the original investigation, the predominant share of U.S. consumption is supplied by the domestic producers of glycine, imports from nonsubject countries currently supply a substantial

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<sup>28</sup> SAA at 869.

<sup>29</sup> 19 U.S.C. § 1675a(a)(4).

<sup>30</sup> Original Determination, USITC Pub. 2863 at I-6-7; *see* Domestic Producers' Response to Notice of Institution at 3.

<sup>31</sup> Apparent U.S. consumption of glycine was \*\*\* pounds in 1999, in contrast to \*\*\* pounds in 1994, the final year of the original period of investigation. Table I-3, CR at I-17, PR at I-12.

<sup>32</sup> *See* Domestic Producers' Response to Notice of Institution at 3.

share of the market. Both the volume and market penetration of nonsubject imports have increased since the time of the original investigation.<sup>33</sup>

Based on the record evidence, we find that these conditions of competition in the U.S. glycine market are not likely to change significantly in the reasonably foreseeable future. Accordingly, we find that current conditions in the U.S. glycine market provide us with a sufficient basis upon which to assess the likely effects of revocation of the antidumping duty order within the reasonably foreseeable future.

### C. Likely Volume of Subject Imports

In evaluating the likely volume of imports of subject merchandise if the order under review is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>34</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 country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>35</sup>

In the original investigation, the Commission found that subject import volume and market penetration increased rapidly during the period of investigation while the U.S. producers’ market share fell.<sup>36</sup> Immediately after issuance of the order, subject imports virtually disappeared from the U.S. market. In 1999, a small amount of subject imports entered the market.<sup>37</sup> We conclude that the antidumping duty order has led to a reduced presence of subject imports in the United States.

There is limited information on the record concerning the current status of the glycine industry in China because there were no responses by foreign producers or exporters to the Commission’s notice of institution. The record does indicate that the number of producers of glycine in China has increased since the time of the original investigation.<sup>38</sup> Because there is no information in the record that indicates that the Chinese glycine producers existing at the time of the original investigation have reduced their capacity, capacity to produce glycine in China has likely increased since the time of the original investigation.<sup>39</sup>

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<sup>33</sup> In 1999, the nonsubject import quantity was 2.5 million pounds. This accounted for \*\*\* percent of apparent U.S. consumption of glycine. By contrast, during the original 1992-94 period of investigation, nonsubject import quantities ranged between 61,000 and 582,000 pounds, and nonsubject import market penetration ranged between \*\*\* and \*\*\* percent. Table I-3, CR at I-17, PR at I-12.

<sup>34</sup> 19 U.S.C. § 1675a(a)(2).

<sup>35</sup> 19 U.S.C. § 1675a(a)(2)(A)-(D).

<sup>36</sup> Original Determination, USITC Pub. 2863 at I-7, I-10.

<sup>37</sup> See CR at I-12-13, PR at I-8-9. Subject import quantity in 1999 was 29,000 pounds, accounting for \*\*\* percent of apparent U.S. consumption. Table I-3, CR at I-17, PR at I-12.

<sup>38</sup> CR at I-20-21, PR at I-14.

<sup>39</sup> Commissioner Bragg infers that, since the time of the original investigation, the new entrants to the Chinese glycine industry have added to the capacity to produce glycine in China.

In the original investigation, the Commission found that the increased capacity of the Chinese glycine industry could not be explained merely by references to increases in home market demand.<sup>40</sup> Given the continuing significant export-orientation of Chinese glycine producers,<sup>41</sup> it would similarly appear that the increased capacity in China is not merely a response to increased demand in that country. Instead, we conclude that the capacity increases have increased the ability of the Chinese producers to make export shipments.

The sharp increase in subject imports during the original investigation demonstrates that the Chinese producers have the ability to rapidly increase exports to the United States. The United States is likely to be an attractive market for increasing volumes of glycine from China if the antidumping duty order is revoked for the same reason it was during the original investigation -- the United States is the world's biggest market for products made from glycine.<sup>42</sup>

Based on the record in this review, it is likely that producers in China would significantly increase exports to the U.S. market if the order is revoked.<sup>43</sup> We therefore conclude that, based on the record evidence, the volume of subject imports would likely increase to a significant level upon revocation of the order.

#### **D. Likely Price Effects of Subject Imports**

In evaluating the likely price effects of subject imports if the antidumping duty order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared with domestic like products and whether the subject imports are likely to enter the United States at prices that would have a significant depressing or suppressing effect on the prices of domestic like products.<sup>44</sup>

During the original investigation, the Commission found that there was a significant likelihood the subject imports would have a depressing or suppressing effect on prices for the domestic like product. Subject import prices declined during the latter portion of the period of investigation as subject import volumes increased. Additionally, the subject imports undersold domestically-produced glycine in the vast majority of pricing comparisons.<sup>45</sup>

The information in this review on current pricing is limited to data on average unit values (AUVs) during 1999. As previously stated, only a small amount of subject imports entered the U.S. market in

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<sup>40</sup> Original Determination, USITC Pub. 2863 at I-10-11.

<sup>41</sup> See Domestic Producers' Response to Notice of Institution at 5-6. Additionally, the European Union initiated an antidumping investigation on glycine from China in August 1999. See *id.* at Ex. 5.

<sup>42</sup> See Original Determination, USITC Pub. 2863 at I-10.

<sup>43</sup> Commissioner Bragg infers that, upon revocation, subject producers would revert to their historical emphasis on exporting to the United States, as evidenced in the Commission's original determination. Based upon the record in this review, Commissioner Bragg finds that the historical emphasis will likely result in significant volumes of subject imports into the United States if the order is revoked.

<sup>44</sup> 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

<sup>45</sup> Original Determination, USITC Pub. 2863 at I-11.

1999; further, we acknowledge that AUVs can be affected by variations in product mix.<sup>46</sup> Nevertheless, we have used the AUV data because they constitute the sole facts available concerning current glycine pricing. These data indicate that the AUVs for the subject imports in 1999, even with the antidumping duty order in place, were below the subject import AUVs for 1994, the final year of the original period of investigation; by contrast, AUVs for domestically-produced glycine were higher in 1999 than in 1994. The subject imports' 1999 AUVs were well below the 1999 AUVs for domestically-produced glycine.<sup>47</sup>

The pricing patterns of the subject imports both currently and during the original period of investigation indicate that, if the antidumping duty order is revoked, there is likely to be significant underselling by the subject imports to regain market share lost to both domestically-produced glycine and nonsubject imports. The original record indicated that the domestic like product and subject imports were good substitutes, and there is no information in the current record to the contrary.<sup>48</sup> In light of this, the importance of price in purchasing decisions for glycine, and the bargaining power of the small number of glycine purchasers, increases in subject import volumes will likely drive down glycine prices as domestic producers are forced to match the low prices offered by the subject imports. Consequently, we find that, if the antidumping duty order is revoked, the subject imports will likely have significant price-depressing or -suppressing effects.

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

In evaluating the likely impact of imports of subject merchandise if the order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (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>49</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.<sup>50</sup> As required by the statute, we have considered the extent

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<sup>46</sup> Glycine is sold in two purity levels: technical and USP grade. Data from the original investigation indicate that USP grade glycine from a particular source is generally sold at a higher price than technical grade glycine from that source. Original Investigation Confidential Report, Tables 16 and 17. During the original period of investigation, the \*\*\* of domestically-produced glycine, subject imports, and nonsubject imports was USP grade. CR at I-6-7, PR at I-5. The record does not contain any data concerning the purity levels of glycine sold in the U.S. market during 1999.

<sup>47</sup> Compare Table I-1, CR at I-10, PR at I-7 with Table I-2, CR at I-14, PR at I-10.

<sup>48</sup> See Original Determination, USITC Pub. 2863 at I-11.

<sup>49</sup> 19 U.S.C. § 1675a(a)(4).

<sup>50</sup> 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). 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 the final results of its five-year review, Commerce published a likely dumping margin of 155.59 percent for all manufacturers and exporters. 65 Fed. Reg at 36406.

to which any improvement in the state of the domestic industry is related to the antidumping duty order at issue and whether the industry is vulnerable to material injury if the order is revoked.<sup>51</sup>

In the original investigation, the Commission found that the domestic industry's market share, production, capacity utilization, employment, and financial performance declined during the final year of the period of investigation.<sup>52</sup> It concluded that increased volumes of subject imports would prevent domestic producers from recovering cost increases and would exacerbate the domestic industry's declining financial performance.<sup>53</sup>

The record in this review indicates that the order had a positive effect on industry performance. The domestic industry's U.S. shipments of glycine increased significantly from \*\*\* pounds in 1994 to \*\*\* pounds in 1999. Its market share increased from \*\*\* percent in 1994 to \*\*\* percent in 1999.<sup>54</sup> The domestic producers acknowledge that they "have been afforded some relief as a result of the order."<sup>55</sup> In light of the foregoing, we do not conclude that the domestic industry is currently in a vulnerable condition.<sup>56</sup>

We find it likely that revocation of the order would result in a significant increase in the volume of subject imports at prices significantly lower than those of the domestic like product, and that such increased volumes of subject imports would likely depress or suppress the domestic industry's prices significantly. Because a reduction in glycine prices will not stimulate demand for the product, revocation would likely have a significant adverse impact on the production, shipment, sales, and revenue levels of the domestic industry.<sup>57</sup> This reduction in the industry's production, sales, and revenue levels would have a direct adverse impact on the industry's employment, profitability, and ability to raise capital and make and maintain necessary capital investments. Accordingly, based on the limited record in this review, we conclude that, if the antidumping duty order is revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

## CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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<sup>51</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the orders are 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.

<sup>52</sup> Original Determination, USITC Pub. 2863 at I-7-8.

<sup>53</sup> Original Determination, USITC Pub. 2863 at I-12.

<sup>54</sup> Table I-3, CR at I-17, PR at I-12.

<sup>55</sup> Domestic Producers' Response to Notice of Institution at 11.

<sup>56</sup> Based upon the limited record in this expedited review, Commissioner Bragg determines that the domestic industry currently is not in a weakened condition as contemplated by the vulnerability criterion of the statute.

<sup>57</sup> Indeed, Chattem estimates that \*\*\*. Domestic Producers' Response to Notice of Institution at 8.



**INFORMATION OBTAINED IN THE REVIEW**



## INTRODUCTION

On February 3, 2000, the Commission gave notice that it had instituted a review to determine whether revocation of the antidumping duty order on glycine from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>1</sup> On May 5, 2000, the Commission determined that the domestic interested party response to its notice of institution was adequate;<sup>2</sup> the Commission also determined that the respondent interested party response was inadequate. The Commission found no other circumstances that would warrant conducting a full review. Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(3)).<sup>3</sup> The Commission voted on this review on June 22, 2000, and notified Commerce of its determination on June 30, 2000.

### The Original Investigation

The Commission completed the original investigation<sup>4</sup> in March 1995, determining that an industry in the United States was threatened with material injury by reason of imports of glycine from China that Commerce determined to be sold at LTFV.<sup>5</sup> The Commission defined the like product as all grades of glycine. It also found the relevant domestic industry to consist of the two producers of the like product, namely Hampshire and Chattem.<sup>6</sup> After receipt of the Commission's determination, Commerce issued an antidumping duty order on imports of glycine from China.<sup>7</sup>

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<sup>1</sup> 65 FR 5371, February 3, 2000. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

<sup>2</sup> The Commission received one submission in response to its notice of institution for the subject review. It was filed on behalf of Hampshire and Chattem. These firms are believed to represent 100 percent of U.S. glycine production. *Response* of Hampshire and Chattem, pp. 2 and 9.

<sup>3</sup> 65 FR 31145, May 16, 2000. The Commission's notice of its expedited review appears in app. A. See the Commission's web site (<http://www.usitc.gov>) for Commissioner votes on whether to conduct an expedited or full review. The Commission's statement on adequacy is presented in app. B.

<sup>4</sup> The investigation resulted from a petition filed on behalf of Hampshire and Chattem on July 1, 1994.

<sup>5</sup> *Glycine from The People's Republic of China*, Publication 2863, March 1995, p. I-3.

<sup>6</sup> *Id.*, p. I-6. The Commission stated in its original views that “{o}n the issue of like product, the current record is substantially similar to the one developed in the preliminary investigation” where “we determined that glycine constituted a single like product ... because (1) all glycine, regardless of form, has the same chemical structure; (2) there is significant interchangeability between the two purity levels—technical grade and USP grade—at which glycine is commercially sold; (3) channels of distribution are similar for all domestically produced glycine; (4) producers and end users perceive glycine to be a single product regardless of grade; and (5) common production processes, facilities, and employees are used to produce the different grades of glycine.” *Id.* Hampshire and Chattem did not address the issue of like product in the *Response* they provided to the Commission's notice of institution.

<sup>7</sup> 60 FR 16116, March 29, 1995. This order required the posting of a cash deposit equal to the estimated weighted-average antidumping duty margin, which was 155.89 percent for all companies. There have been no administrative reviews of the order to date.

The domestic industry argued in its *Response* that “{i}f dumping had ceased, surely the exporters would have requested administrative reviews in order to recover the 155.89 {percent} antidumping duty deposits and to

(continued...)

## Commerce's Final Results of Expedited Sunset Review

Commerce's determination on whether dumping is likely to continue or recur if the antidumping duty order for glycine from China is revoked is presented in app. A.

### THE PRODUCT

#### Scope

In the scope of its antidumping duty order, Commerce defined the subject product as glycine, which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used as a sweetener/taste enhancer, buffering agent, reabsorbable amino acid, chemical intermediate, and metal complexing agent. Glycine is classified under HTS subheading 2922.49.40<sup>8</sup> and enters under the column 1-general rate of 4.2 percent ad valorem. The HTS subheading is provided for convenience and for Customs purposes, but Commerce's written description of the merchandise is dispositive as to the scope of the product coverage.<sup>9</sup>

#### Description and Uses<sup>10</sup>

Glycine, also known as aminoacetic acid, is an organic chemical which has the chemical formula  $C_2H_5NO_2$ . The product exists as sweet tasting, odorless, white monoclinic crystals that are soluble in water and melt at 232-236°C. Glycine is a nonessential amino acid that occurs naturally in many proteins and is especially abundant in silk fibroin, gelatin, and sugar cane. It is synthetically manufactured, however, for commercial purposes. The glycine production process yields glycine with varying quantities of impurities. Based on the proportion of impurities, a batch will either be considered USP grade or technical grade material. USP grade glycine complies with the specifications and test methods of the *United States Pharmacopeia*, a reference book published by the United States Pharmacopoeia Convention, an organization that establishes such standards for pharmaceutical

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<sup>7</sup> (...continued)

reduce the deposit rate for future exports. In addition, the only request for {an} administrative review was withdrawn by the respondent before {Commerce} could make a determination concerning the adequacy of the margin. This pattern of behavior, as well as the Chinese industry's apparent concurrence with the accuracy of the 155.89 {percent} antidumping duty deposit rate, indicates that the Chinese glycine industry continues to dump glycine into the U.S. market." *Response of Hampshire and Chattem*, p. 4.

<sup>8</sup> The specific HTS statistical reporting number that applies is 2922.49.4020 (glycine (aminoacetic acid)). The statistical reporting number is believed to include only subject glycine.

<sup>9</sup> 60 FR 16116, March 29, 1995. Subsequent to the imposition of the antidumping duty order, Commerce determined that D(-) Phenylglycine Ethyl Dane Salt was outside the scope. 62 FR 62288, November 21, 1997. On November 15, 1999, Commerce initiated a new shipper review at the request of Nantong Dongchang. 64 FR 61834, November 15, 1999. On May 26, 2000, Commerce extended the time limit for its preliminary results of the new shipper review until August 28, 2000. The deadline for the final results of its review will continue to be 90 days after the signature date of the preliminary results. 65 FR 34147, May 26, 2000.

<sup>10</sup> All of the discussion in this section is from the original investigation, unless otherwise noted. *Staff Report of February 27, 1995*, pp. I-4 through I-11, and *Memorandum INV-S-022*, dated March 2, 1995, p. I-7.

productions. Technical grade glycine must meet certification requirements that are less stringent than those for USP grade glycine.

Because of its unique chemical composition, all glycine, regardless of the purity level, has a number of distinctive physical properties, including the following: sweetener/flavor enhancer, masking agent, buffer, preservative, and brightening agent. These attributes make glycine useful in a number of food, pharmaceutical, and personal care items. As a flavor enhancer, glycine is used to sweeten substances and to improve overall taste by mellowing saltiness and bitterness in such products as carbonated soft drinks and flavor concentrates. As a masking agent, glycine is used to mask the bitter taste of some hydrolyzed proteins in such applications as tablets, lozenges, syrups, mouthwash, and dentifrice, in order to increase their consumer appeal. As a buffering agent, glycine acts to buffer or stabilize the pH of those systems containing acidity or alkalinity.<sup>11</sup> Glycine is also used as a starting material in the manufacture of other organic chemicals and chemical products, as a treatment for animal diarrhea, as an additive in chicken feed, as a metal complexing agent in various chemical processes, and as an ingredient in metal-finishing products and metal plating baths.<sup>12</sup>

During the 1992-94 period reviewed in the original investigation, USP grade glycine accounted for \*\*\* percent of U.S. shipments of domestically-produced glycine; the remainder was technical grade glycine. Further, \*\*\* percent of U.S. shipments of Chinese-produced glycine was USP grade, as were almost all, if not all, nonsubject imports. Certain pharmaceutical and food applications do use USP grade glycine exclusively because higher purity levels are generally required for human consumption. In most other applications, however, USP and technical grade glycine may be used interchangeably, subject only to economic considerations.

In response to questionnaires issued during the original investigation, both domestic producers indicated that there was no difference between U.S.-produced and Chinese glycine.<sup>13</sup> In contrast, those importers that accounted for the majority of subject imports during 1992-94 reported that the Chinese product was of lower quality in that it was often darker in color, had a bad odor, contained high levels of impurities and foreign matter, was insoluble, or was poorly packaged. \*\*\* indicated that its U.S. purchasers bought both the U.S. and Chinese products. The firm reported that “{t}he intention of these customers was never to stop buying domestically, but to have a second source of supply at competitive pricing.” ICC and Maypro, whose subject imports together accounted for \*\*\* percent of total imports from China during 1992-94, testified at the Commission’s conference for the original investigation that, although lower in quality, the Chinese product is sufficient for some applications in which the domestic product is used. Maypro added, however, that the Chinese glycine is lower priced because end users

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<sup>11</sup> For example, a major use of glycine as a buffering agent is in the production of antiperspirants.

<sup>12</sup> The Commission stated in its views for the original investigation that the “end-use applications of glycine have remained relatively stable during the period of investigation. In many of the industries that use glycine, a relatively small number of customers are responsible for a large proportion of glycine consumption. Competition among these customers to reduce their input costs can be intense. As a result, individual customers have significant incentive to demand and ability to obtain price concessions from producers.” *Glycine from The People’s Republic of China*, p. I-7.

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<sup>13</sup> Petitioners also testified at the Commission’s hearing in the original investigation that tests performed on samples of Chinese USP grade glycine and information conveyed to them by their customers confirmed that the Chinese USP grade material was directly substitutable for the domestic USP grade material. *Hearing transcript*, pp. 38, 47, and 49. In its *Response*, the domestic industry stated that “Chinese glycine is similar to the U.S. product and is of comparable quality.” *Response of Hampshire and Chattem*, p. 3.

must accept more risks when they use the Chinese product. These risks include the following: (1) low quality; (2) unreliable and late delivery, (3) no compensation or returns for damaged material, (4) greater communication costs, and (5) no insurance coverage for product liability.<sup>14</sup>

### Marketing<sup>15</sup>

Glycine produced in the United States and imported from China is sold nationwide mainly to end users, but also to some distributors. Both the domestically-produced product and subject imports are purchased for use in animal feed and antiperspirants; these market segments accounted for \*\*\* and \*\*\* percent, respectively, of U.S. shipments of glycine in 1994. Only U.S. firms were reported to sell into the beverage segment, which accounted for \*\*\* percent of U.S. shipments in 1994. Likewise, it was reported that Chinese glycine was not sold for use in the U.S. pharmaceutical market, which accounted for \*\*\* percent of U.S. shipments in 1994, because glycine intended for this market must be produced in facilities operating in compliance with FDA "Good Manufacturing Practices." At the time of the original investigation, no Chinese manufacturer was so certified.<sup>16</sup> In their original questionnaire responses, many U.S. purchasers of glycine indicated that the Chinese product was employed in the same range of uses as domestically-produced glycine and that both grades of U.S. and Chinese glycine were equally available in the United States.

During the original investigation, Hampshire sold most of its glycine on a contract basis, although considerable quantities were also sold on the spot market. \*\*\*.<sup>17</sup> Chattem sold \*\*\*; importers of Chinese glycine sold on both a contract and spot basis. Hampshire asserted during the original investigation that it had been partially shielded from import competition by the portion of its contract business that was not subject to explicit meet-or-release terms (although it had adjusted its prices on contracts without meet-or-release provisions in order to retain business relationships). Chattem, in contrast, allegedly had been more immediately affected by increased imports because it participated more extensively in the spot market.

## THE INDUSTRY IN THE UNITED STATES

### U.S. Producers

Hampshire and Chattem, the petitioners, are currently the only producers of glycine in the United States as they were during the original investigation.<sup>18</sup> During the 1992-94 period, Hampshire accounted for \*\*\* percent of U.S. production of glycine with Chattem producing the remaining \*\*\* percent. In 1999, Hampshire manufactured \*\*\* percent of U.S.-produced glycine and Chattem accounted for \*\*\*

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<sup>14</sup> *Conference transcript*, pp. 93-95, 97, 102, and 106, and respondents' postconference brief, pp. 10-11 and 15.

<sup>15</sup> All of the discussion in this section is from the original investigation, unless otherwise noted. *Staff Report of February 27, 1995*, pp. I-11 through I-14, I-28 through I-30, and I-63 through I-65, and *Memorandum INV-S-022*, dated March 2, 1995, p. I-13.

<sup>16</sup> Other market segments reportedly were not affected by this restriction.

<sup>17</sup> Specifically, of Hampshire's total sales during 1994, \*\*\* percent were made on a contract basis with no meet-or-release provisions, \*\*\* percent were made on a contract basis with meet-or-release provisions, and \*\*\* percent were on a spot basis. Meet-or-release provisions were reportedly becoming more standard in the industry.

<sup>18</sup> \*\*\*.

percent.<sup>19</sup> Neither firm imported nor purchased glycine from China during the period reviewed in the original investigation.<sup>20</sup> Further, according to their *Response*, neither Hampshire nor Chattem currently imports the subject merchandise and neither is related to any exporter or importer of subject merchandise as defined in 19 U.S.C. 1677(4)(B).<sup>21</sup>

### U.S. Production, Capacity, and Shipments

Data reported by U.S. producers of glycine in the Commission's original investigation and in response to its review institution notice are presented in table I-1. As shown, capacity and production increased by \*\*\* percent and \*\*\* percent, respectively, from 1992 to 1994. \*\*\*.<sup>22</sup> Utilization of reported production capacity fell from \*\*\* percent in 1992 to \*\*\* percent in 1994. During the original investigation, petitioners explained that the technology and cost structure of U.S. glycine production requires a high level of capacity utilization for efficient, cost-effective operation. Glycine production in the United States is capital intensive and involves major fixed costs.<sup>23</sup> The quantity of glycine shipments by U.S. producers to domestic customers increased from 1992 to 1993, but fell in 1994 to a level that remained slightly higher than that reported for 1992.

Table I-1

Glycine: U.S. producers' capacity, production, and U.S. shipments, 1992-94 and 1999

\* \* \* \* \*

Post-order data for glycine are only available for 1999, and then only for certain indicators. As shown in table I-1, production and U.S. shipments, in terms of quantity, were \*\*\* percent and \*\*\* percent greater, respectively, than in 1994. The unit value of U.S. shipments in 1999 (\$\*\*\* per pound) is \*\*\* cents a pound higher than the 1994 figure, although it is \*\*\* as that reported by the domestic glycine industry in 1993.<sup>24</sup> There are no current financial or pricing data available for the subject product.<sup>25</sup> The

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<sup>19</sup> *Response* of Hampshire and Chattem, p. 10.

<sup>20</sup> *Staff Report of February 27, 1995*, pp. I-23, I-25, and I-27, and *Response* of Hampshire and Chattem, pp. 9-10.

<sup>21</sup> *Supplemental Response* of Hampshire and Chattem, p. 1.

<sup>22</sup> Chattem reported that it ceased production of the technical grade product in \*\*\* because it could no longer produce glycine at the lower purity levels and still make a profit due to competition with imports from China. The firm also testified at the Commission's hearing during the original investigation that it planned to resume production of technical grade glycine if relief was provided under the antidumping law. *Staff Report of February 27, 1995*, p. I-27, and *Hearing transcript*, pp. 79-80. Chattem currently lists technical grade glycine on the list of available products shown at its web site. See <http://www.chattemchemicals.com>.

<sup>23</sup> *Staff Report of February 27, 1995*, pp. I-27 and I-28.

<sup>24</sup> The 1993-94 decrease in unit values resulted from \*\*\*. *Id.*, pp. I-31 and I-44.

<sup>25</sup> In its views for the original investigation, the Commission noted that the domestic industry's financial performance "fluctuated" during the period of investigation, with operating income increasing from 1992 to 1993 then declining from 1993 to 1994. Also, both 1994 contract and spot prices to end users for U.S.-produced glycine were generally below those for 1993. The Commission stated that "{w}e find that this trend {of declining prices} will likely continue, that additional volumes of the subject imports will likely result in suppression or depression of

(continued...)

domestic industry states, however, that an increase in “less than fair value imports following revocation likely would force the Domestic Industry to reduce prices to remain competitive. This reduction in prices would result in a decrease of the Domestic Industry’s income and cash flow, which would in turn hamper the ability of the Domestic Industry to raise capital and investment in new technology, jobs and growth.”<sup>26</sup>

## U.S. IMPORTS AND CONSUMPTION

### U.S. Imports

During the original investigation, the Commission received information from 15 subject importers, 10 of which indicated that they imported glycine only from China. The majority of the firms were located in New Jersey and New York. As indicated earlier, \*\*\* was Dastech, whose imports accounted for \*\*\* percent of total subject U.S. imports during 1992-94.<sup>27</sup>

As shown in figure I-1 and table I-2, U.S. imports of glycine from China increased from 112,000 pounds in 1992 to 1.6 million pounds in 1994.<sup>28</sup> In contrast, there were no U.S. imports of Chinese glycine in the year in which the antidumping duty order was imposed (i.e., 1995).<sup>29</sup> Minimal amounts of the subject product have been imported since 1995, at least as recorded in official Commerce statistics. In its *Response*, the domestic industry characterizes the reduction in imports as a “brief lull” and states that “even with the discipline of the antidumping order in place, the volume of glycine imports from China is again growing.” They maintain that “{r}evocation of the order would almost certainly cause Chinese imports to increase significantly, with import levels exceeding the pre-order import levels.”<sup>30</sup> \*\*\*.<sup>31</sup> As shown in table I-2, nonsubject imports accounted for 27 percent of total imports in 1994; currently, almost all U.S. imports of glycine are reported to be from nonsubject countries. Somewhat more glycine from all sources was imported into the United States in 1999 than was entered in 1994.<sup>32</sup>

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<sup>25</sup> (...continued)

prices for the domestic like product, and that these adverse price effects will reach injurious levels.” *Glycine from The People’s Republic of China*, pp. I-8 and I-12.

<sup>26</sup> *Response of Hampshire and Chattem*, p. 8. \*\*\*. *Id.*

<sup>27</sup> *Staff Report of February 27, 1995*, p. I-25. In its *Response*, the domestic industry provided the names of possible importers identified in the original (1994) petition. *Response of Hampshire and Chattem*, p. 9. They subsequently provided a list of importers of record for glycine in 1998 and 1999 (namely, Brilliant Logistic International, Integrated Freight Service, Panalpina, Schenkers International Forwarders, Starber International, Zen Cont., and Z&W International. Supplemental *Response of Hampshire and Chattem*, pp. 1-2. These firms, however, appear to be brokers and freight forwarders (who typically are the importers of record) and not the consignees who take title to the merchandise.

<sup>28</sup> The Commission stated in its views for the original investigation that “{t}he record indicates that, as subject import volumes were increasing from 1993 to 1994, prices for subject imports were generally declining.” *Glycine from The People’s Republic of China*, p. I-11.

<sup>29</sup> Specifically, Commerce issued the antidumping duty order in March 1995.

<sup>30</sup> *Response of Hampshire and Chattem*, pp. 4-5.

<sup>31</sup> \*\*\*.

<sup>32</sup> As shown in table I-2, however, total imports of glycine almost doubled from 1998 to 1999. The figure for total U.S. imports fell sharply in 1995 as the Chinese product was withdrawn from the U.S. market. Since then,

(continued...)

Figure I-1  
Glycine: U.S. imports from China, by quantity, 1992-99



Source: *Staff Report of February 27, 1995*, p. I-59, for 1992-94 (which were from official Commerce statistics), and official Commerce statistics for 1995-99.

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<sup>32</sup> (...continued)

total U.S. imports of glycine have again risen, but are only now (as of 1999) reaching the pre-order (1994) level. See official Commerce statistics for HTS statistical reporting number 2922.49.4020.

**Table I-2**  
**Glycine: U.S. imports, 1992-94 and 1998-99**

Item	1992	1993	1994	1998	1999
	<b>Quantity (1,000 pounds)</b>				
China	112	905	1,606	1	29
Other sources <sup>1</sup>	61	333	582	1,372	2,471
Total	174	1,237	2,189	1,373	2,500
	<b>Landed duty-paid value (1,000 dollars)</b>				
China	190	1,381	2,216	5	40
Other sources <sup>1</sup>	397	875	1,565	2,509	4,504
Total	587	2,256	3,781	2,514	4,544
	<b>Landed duty-paid unit value (dollars per pound)<sup>2</sup></b>				
China	\$1.69	\$1.53	\$1.38	\$4.32	\$1.36
Other sources <sup>1</sup>	6.49	2.63	2.69	1.83	1.82
Total	3.38	1.82	1.73	1.83	1.82

<sup>1</sup> The primary other sources during 1992-94 were the United Kingdom, Japan, and Germany; the primary other sources during 1998-99 were India, Japan, Hungary, and Korea.

<sup>2</sup> Unit values are calculated from unrounded figures.

Note.—Data on the value of annual imports reviewed by Customs that are subject to the antidumping duty order are as follows: \$\*\*\* for FY 1997 with duty deposits of \$\*\*\*. These figures are considerably higher than the landed duty-paid value of U.S. imports from China (which is \$4,225), as reported in official Commerce statistics. The data for FY 1998 are confidential and not available to the Commission. Customs' *Antidumping/Countervailing Duty Annual Report*.

Source: *Staff Report of February 27, 1995*, p. I-59, for imports for 1992-94 (which were official Commerce statistics); official Commerce statistics for import data in 1998-99.

Continuous pricing data for the subject product since the imposition of the antidumping duty order are not available. Further, the use of unit values as a surrogate is somewhat imprecise due to the small quantities of post-order Chinese imports.<sup>33</sup> But it is worth noting that the unit value of U.S. imports of Chinese glycine in 1999 was two cents per pound less than in 1994. In its views for the original investigation, the Commission indicated that subject imports undersold domestically produced

<sup>33</sup> Also, unit values can be unreliable since prices for glycine vary depending on the level of purity.

glycine in the “vast majority” of pricing comparisons.<sup>34</sup> The domestic industry contends in its *Response* that Chinese exporters continue to undersell U.S. producers “even with the order in place.” To support their contention, they provide a price list, dated February 15, 1997, for \*\*\* showing a price range of \$\*\*\* and \$\*\*\* per pound, \*\*\*,<sup>35</sup> as well as a price quote from a Chinese supplier offering to sell a similar grade of glycine, in “significant” quantities, ranging from \$\*\*\* per pound to \$\*\*\* per pound, f.o.b. Shanghai.<sup>36</sup> Hampshire and Chattem also argue that “Chinese glycine prices are significantly lower than the worldwide market glycine price,” and point to the discrepancy between the unit values of Chinese U.S. imports and nonsubject U.S. imports found in official Commerce statistics.<sup>37</sup>

### Apparent U.S. Consumption

Apparent U.S. consumption of glycine has risen \*\*\* percent since the time of the original investigation (table I-3). An upward trend was also shown by data reviewed during the original investigation, or from 1992 to 1994, when apparent consumption increased \*\*\* percent.<sup>38</sup> The Commission stated in its views for the original investigation that “{t}his appears to be the result of increased demand during this time for products using glycine, such as animal feed and antiperspirants.”<sup>39</sup> The share of the market held by domestic producers, however, fell from 1992 to 1994 as imported glycine primarily from China was sold in greater amounts. In contrast, the U.S. producers’ share of the post-order domestic market was \*\*\* percent in 1999 compared to \*\*\* percent in 1994. The market share of U.S. imports from countries other than China was \*\*\* percent in 1999 compared to \*\*\* percent in 1994.

In its *Response*, the domestic industry states that “{d}emand for glycine is derived largely from the demand for the finished products for which glycine is used as an intermediate product during production. In addition, there exist a relatively small number of users. Thus ... , price is the dominant factor in purchasing decisions for glycine. In addition, glycine prices in the U.S. market are extremely sensitive to fluctuations in supply.”<sup>40</sup> These specific conditions of competition were also largely present at the time of the original investigations. They, along with evidence that the end uses of glycine were relatively well-established and that the subject imports and the domestic like product were “largely substitutable” led the Commission to conclude that “declines in the price of glycine are unlikely in themselves to stimulate demand. {Rather}, further declines in the prices of the subject imports are instead likely to depress or suppress prices for the domestic like product ...” The Commission stated

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<sup>34</sup> *Glycine from The People’s Republic of China*, p. I-11.

<sup>35</sup> According to the staff report for the original investigation, \*\*\*.

<sup>36</sup> *Response* of Hampshire and Chattem, p. 7. See exhibits 7 and 8 of the *Response* for the actual data sheets.

<sup>37</sup> *Id.*, p. 7. As shown in table I-2, the unit value of U.S. imports of Chinese glycine was \$1.36 in 1999 compared to \$1.82 for nonsubject sources. Hampshire and Chattem also state that “{t}his pattern holds true in Europe, as well, where the Chinese exporters are not currently constrained by an antidumping order.” *Id.* See exhibit 3 of the *Response* for the average unit values for Chinese imports and all other imports into the EU.

<sup>38</sup> \*\*\*.

<sup>39</sup> *Glycine from The People’s Republic of China*, p. I-7.

<sup>40</sup> *Response* of Hampshire and Chattem, p. 3.

**Table I-3**  
**Glycine: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, on the basis of quantity, 1992-94 and 1999**

Item	1992	1993	1994	1999
	<b>Quantity (1,000 pounds)</b>			
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports:				
China	112	905	1,606	29
Other sources	61	333	582	2,471
Total	174	1,238	2,189	2,500
Apparent U.S. consumption	***	***	***	***
	<b>Share of consumption (percent)</b>			
U.S. producers' U.S. shipments	***	***	***	***
U.S. imports:				
China	***	***	***	***
Other sources	***	***	***	***
Total	***	***	***	***
Source: <i>Staff Report of February 27, 1995</i> , pp. I-20 and I-60, and <i>Memorandum INV-S-022</i> , dated March 2, 1995, pp. I-30 and I-60, for 1992-94 (of which import data were official Commerce statistics); 1999 imports are from official Commerce statistics; and 1999 U.S. producers' shipments are from the <i>Response of Hampshire and Chattem</i> , p. 11.				

that "the particular conditions of competition in the glycine industry ... support the likelihood that further imports of LTFV glycine from China will have injurious price effects."<sup>41</sup>

### THE FOREIGN INDUSTRY

During the original investigation, the petitioners identified 30 firms located throughout China that they believed produced and/or exported glycine to the United States. They argued that China's glycine production capacity was increasing and that expanded capacity would likely result in increased exports to the United States. Petitioners further maintained that increased exports of glycine were principally aimed at the U.S. market because the United States is the largest market for most glycine applications.<sup>42 43</sup>

<sup>41</sup> *Glycine from The People's Republic of China*, p. I-11.

<sup>42</sup> The United States is the largest producer of pharmaceutical products, as well as the world's largest producer (continued...)

Dastech, \*\*\*, stated during the original investigation that the information supplied by the petitioners on the Chinese producers was not accurate. It indicated that there were only five major producers of glycine in China.<sup>44</sup> Dastech added that there may also have been a few smaller producers of glycine in China (i.e., “garage factories”) that manufactured glycine in facilities that were labeled “small, inefficient, and dirty.” The firm asserted that Chinese producers recently had increased their capacity to produce glycine because the demand for technical grade glycine had increased by several-fold in China and other Asian countries, primarily because of an increase in demand for and production of glycine phosphates.<sup>45 46 47</sup>

Data provided by three Chinese manufacturers, whose exports accounted for \*\*\* percent of total U.S. imports of the subject merchandise during 1994 (reflecting the revisions shown in *Memorandum INV-S-022*, dated March 2, 1995) are presented in table I-4. As shown, reported Chinese capacity to produce glycine rose almost \*\*\*-fold from 1992 to 1994.<sup>48</sup> Actual production also increased, but at a lesser rate, resulting in a fall in capacity utilization from \*\*\* percent in 1992 to \*\*\* percent in 1994. In 1994, \*\*\* percent of total Chinese exports of glycine were directed to the United States. Home market shipments were substantial throughout the period reviewed.

Table I-4  
Glycine: Chinese capacity and shipments, 1992-94

\* \* \* \* \*

As indicated, the information provided in table I-4 did not reflect the operations of all identified Chinese manufacturers of glycine during 1992-94. Using information provided by \*\*\*, staff calculated annual capacity figures for the five identified firms that ranged from \*\*\* pounds to \*\*\* pounds. Also, Dastech testified at the Commission’s hearing in the original investigation that total Chinese production

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<sup>42</sup> (...continued)

and consumer of antiperspirant and deodorant products. In addition, it is a leading manufacturer and consumer of pet foods, all of which are large users of glycine. Original petition, pp. 39-40; petitioners’ postconference brief, pp. 19-20, and *Hearing transcript*, pp. 59-60. The world market for glycine is very small. *Staff Report of February 27, 1995*, p. I-53.

<sup>43</sup> *Id.*, pp. I-52 and I-53.

<sup>44</sup> Namely, Suzhou Comtech, Dong Fang Mancheng, Baoding Zhongyuan, Tiancheng, and Ba Fen Shen. During its antidumping duty investigation, Commerce sent an antidumping questionnaire to MOFTEC and met with the China Chamber of Commerce for Metals, Minerals and Chemicals Importers and Exporters (the Chamber) and requested that they: (1) furnish the questionnaire to any glycine producers and exporters with U.S. sales during the period of investigation, and (2) provide a list of those companies that received the questionnaire. It received a response from the Chamber stating that no Chinese producers or exporters wanted to participate in the case. 60 FR 5620, January 30, 1995.

<sup>45</sup> Glycine phosphates are used in pesticides and in other products used in animal feeds.

<sup>46</sup> \*\*\*, and *Hearing transcript*, pp. 111-114.

<sup>47</sup> *Staff Report of February 27, 1995*, pp. I-52 through I-54.

<sup>48</sup> Baoding Zhongyuan explained \*\*\*. Suzhou Comtech reported \*\*\*. Tiancheng indicated \*\*. *Staff Report of February 27, 1995*, pp. I-54 through I-56.

capacity for glycine was between 22.0 million pounds and 26.5 million pounds.<sup>49</sup> In addition, China National Huayu, a Chinese exporter, estimated the annual capacity to produce glycine in China to be about 33 million pounds, but estimated the actual production level to be below 22 million pounds because of the “supplying situation of raw materials.”<sup>50 51</sup> As shown in table I-3, total apparent U.S. consumption in 1999 was \*\*\* pounds.

There are no data available for current capacity, production, or shipments of glycine in China. \*\*\*.<sup>52 53</sup> This apparent increase in the number of large Chinese producers suggests that Chinese capacity to produce glycine has risen. In its *Response*, the domestic industry reports that “China has enormous production capacity to produce the subject merchandise and apparently has increased this capacity in recent years.”<sup>54 \*\*\* 55 \*\*\* 56</sup>

The domestic interested parties also report that the EU recently initiated an antidumping investigation against the Chinese glycine industry.<sup>57</sup> Hampshire and Chattem argue, “{i}f the European investigation results in the imposition of an antidumping duty in Europe, the volume of Chinese glycine exported to Europe will decrease dramatically. If the U.S. order is revoked, the U.S. market will quickly become the target for massive amounts of Chinese glycine that has been exported to Europe.”<sup>58</sup>

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<sup>49</sup> *Hearing transcript*, p. 111.

<sup>50</sup> Specifically, it reported that the production of glycine in China was in decline because of increases in the prices of the raw materials (i.e., monochloroacetic acid and methanol) needed in the manufacturing process. \*\*\*.

<sup>51</sup> *Memorandum INV-S-022*, p. I-54, and *Staff Report of February 27, 1995*, p. I-57.

<sup>52</sup> \*\*\*.

<sup>53</sup> \*\*\*.

<sup>54</sup> *Response* of Hampshire and Chattem, p. 5. See exhibits 3 and 4 of the *Response*, which show large increases in glycine imports being entered into the EU and Korea, respectively, since 1994. *Id.*

<sup>55</sup> \*\*\*.

<sup>56</sup> \*\*\*.

<sup>57</sup> See *Notice of Initiation of an Anti-dumping Proceeding Concerning Imports of Glycine Originating in the People's Republic of China*, 1999 O.J. (C 239) 4-5, provided at exhibit 5 of the *Response*.

<sup>58</sup> *Response* of Hampshire and Chattem, pp. 5-6.

**APPENDIX A**  
***FEDERAL REGISTER* NOTICES**



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**INTERNATIONAL TRADE  
COMMISSION****[Investigation No. 731-TA-718 (Review)]****Glycine From China****AGENCY:** United States International Trade Commission.**ACTION:** Scheduling of an expedited five-year review concerning the antidumping duty order on glycine from China.**SUMMARY:** The Commission hereby gives notice of the scheduling of an expedited review pursuant to section 751(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(3)) (the Act) to determine whether revocation of the antidumping duty order on glycine from China would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of this review and rules of general application, consult the Commission's rules of practice and procedure, part 201, subpart A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).**EFFECTIVE DATE:** May 5, 2000.**FOR FURTHER INFORMATION CONTACT:** Debra Baker (202-205-3180), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW, Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).**SUPPLEMENTARY INFORMATION:**

### Background

On May 5, 2000, the Commission determined that the domestic interested party group response to its notice of institution (65 FR 5371, February 3, 2000) was adequate and the respondent interested party group response was inadequate. The Commission did not find any other circumstances that would warrant conducting a full review.<sup>1</sup> Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.

**Staff report.**—A staff report containing information concerning the subject matter of the review will be placed in the nonpublic record on June 2, 2000, and made available to persons on the Administrative Protective Order service list for this review. A public version will be issued thereafter, pursuant to § 207.62(d)(4) of the Commission's rules.

**Written submissions.**—As provided in § 207.62(d) of the Commission's rules, interested parties that are parties to the review and that have provided individually adequate responses to the notice of institution,<sup>2</sup> and any party other than an interested party to the review may file written comments with the Secretary on what determination the Commission should reach in the review. Comments are due on or before June 7, 2000, and may not contain new factual information. Any person that is neither a party to the five-year review nor an interested party may submit a brief written statement (which should not contain any new factual information) pertinent to the review by June 7, 2000. Should Commerce, however, extend the time limit for its completion of the final results of its review, the deadline for comments (which may not contain new factual information) on Commerce's final results is three business days after the issuance of Commerce's results. If comments contain business proprietary information (BPI), they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed

by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

**Authority:** This review is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to § 207.62 of the Commission's rules.

By order of the Commission.

Issued: May 10, 2000.

**Donna R. Koehnke,**

*Secretary.*

[FR Doc. 00-12310 Filed 5-15-00; 8:45 am]

BILLING CODE 7020-02-P

<sup>1</sup> A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and the Commission's web site.

<sup>2</sup> The Commission has found the response submitted by Chattem Chemicals, Inc. and Hampshire Chemical Corp. to be individually adequate. Comments from other interested parties will not be accepted (*see* 19 CFR 207.62(d)(2)).

**SUMMARY:** On February 3, 2000, the Department of Commerce ("the Department") published the notice of initiation of sunset review of the antidumping duty order on glycine from the People's Republic of China ("PRC") (65 FR 5308), pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). On the basis of a notice of intent to participate and adequate substantive response filed on behalf of domestic interested parties and inadequate response (in this case, no response) from respondent interested parties, we determined to conduct an expedited sunset review. Based on our analysis of the comments received, we find that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the levels listed below in the section entitled Final Results of the Review.

**EFFECTIVE DATE:** June 8, 2000.

**FOR FURTHER INFORMATION CONTACT:** Eun W. Cho or Carole Showers, Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-1698 or (202) 482-3217, respectively.

**SUPPLEMENTARY INFORMATION:**

**The Applicable Statute**

Unless otherwise indicated, all citations to the Act are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department regulations are to 19 CFR Part 351 (1999). Guidance on methodological or analytical issues relevant to the Department's conduct of sunset reviews is set forth in the Department Policy Bulletin 98:3—Policies Regarding the Conduct of Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders; Policy Bulletin, 63 FR 18871 (April 16, 1998) (Sunset Policy Bulletin).

**Background**

On February 3, 2000, the Department published the notice of initiation of sunset review of the antidumping duty order on glycine from the PRC (64 FR 67247). We invited parties to comment. On the basis of a notice of intent to participate and adequate substantive response filed on behalf of domestic interested parties and inadequate response (in this case, no response) from respondent interested parties, the Department determined to conduct an

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**DEPARTMENT OF COMMERCE**

**International Trade Administration**

[A-570-836]

**Glycine From the People's Republic of China; Final Results of Expedited Sunset Review of Antidumping Duty Order**

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**ACTION:** Notice of final results of expedited sunset review: Glycine from the People's Republic of China.

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expedited sunset review. The Department is conducting this sunset review in accordance with sections 751 and 752 of the Act.

#### Scope of Review

The product covered by this order is glycine, which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used as a sweetener/taste enhancer, a buffering agent, re-absorbable amino acid, chemical intermediate, and a metal complexing agent. Glycine is currently classified under subheading 2922.49.4020 of the Harmonized Tariff schedule of the United States ("HTSUS"). The scope of this order includes glycine of all purity levels. In a separate scope ruling, the Department determined that D(-)Phenylglycine Ethyl Dane Salt is outside the scope of the order.<sup>1</sup>

Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this proceeding is dispositive.

#### Analysis of Comments Received

All issues raised in substantive responses by parties to this sunset review are addressed in the Issues and Decision Memorandum ("Decision Memo") from Jeffrey A. May, Director, Office of Policy, Import Administration, to Troy H. Cribb, Acting Assistant Secretary for Import Administration, dated June 2, 2000, which is hereby adopted by this notice. The issues discussed in the attached Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the order revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in room B-099, the Central Records Unit, of the main Commerce building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at [www.ita.doc.gov/import\\_admin/records/frn](http://www.ita.doc.gov/import_admin/records/frn). The paper copy and electronic version of the Decision Memo are identical in content.

#### Final Results of Review

We determine that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average margin:

Manufacturer/exporter	Margin (percent)
PRC-wide .....	155.59

This notice also serves as the only reminder to parties subject to administrative protective orders ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing this determination and notice in accordance with sections section 751(c), 752, and 777(i) of the Act.

Dated: June 2, 2000.

Troy H. Cribb,

Acting Assistant Secretary for Import Administration.

[FR Doc. 00-14500 Filed 6-7-00; 8:45 am]

BILLING CODE 3510-DS-P

<sup>1</sup> See Notice of Scope Rulings, 62 FR 62288 (November 21, 1997).

**APPENDIX B**  
**STATEMENT ON ADEQUACY**



## **EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY**

in

*Glycine from the People's Republic of China, Inv. No. 731-TA-718 (Review)*

On May 5, 2000, the Commission determined that it should proceed to an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. §1675(c)(3)(B). The Commission determined that the domestic interested party group response was adequate. In this regard, the Commission received a joint response containing company-specific data from two domestic producers of glycine which together represent all domestic production of glycine. The Commission did not receive a response from any respondent interested party. Consequently, the Commission determined that the respondent interested party group response was inadequate. The Commission did not find any circumstances that would warrant conducting a full review. The Commission, therefore, determined to conduct an expedited review. A record of the Commissioners' votes is available from the Office of the Secretary and at the Commission's web site.