Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden

Investigation Nos. 731-TA-1084-1087 (Review)

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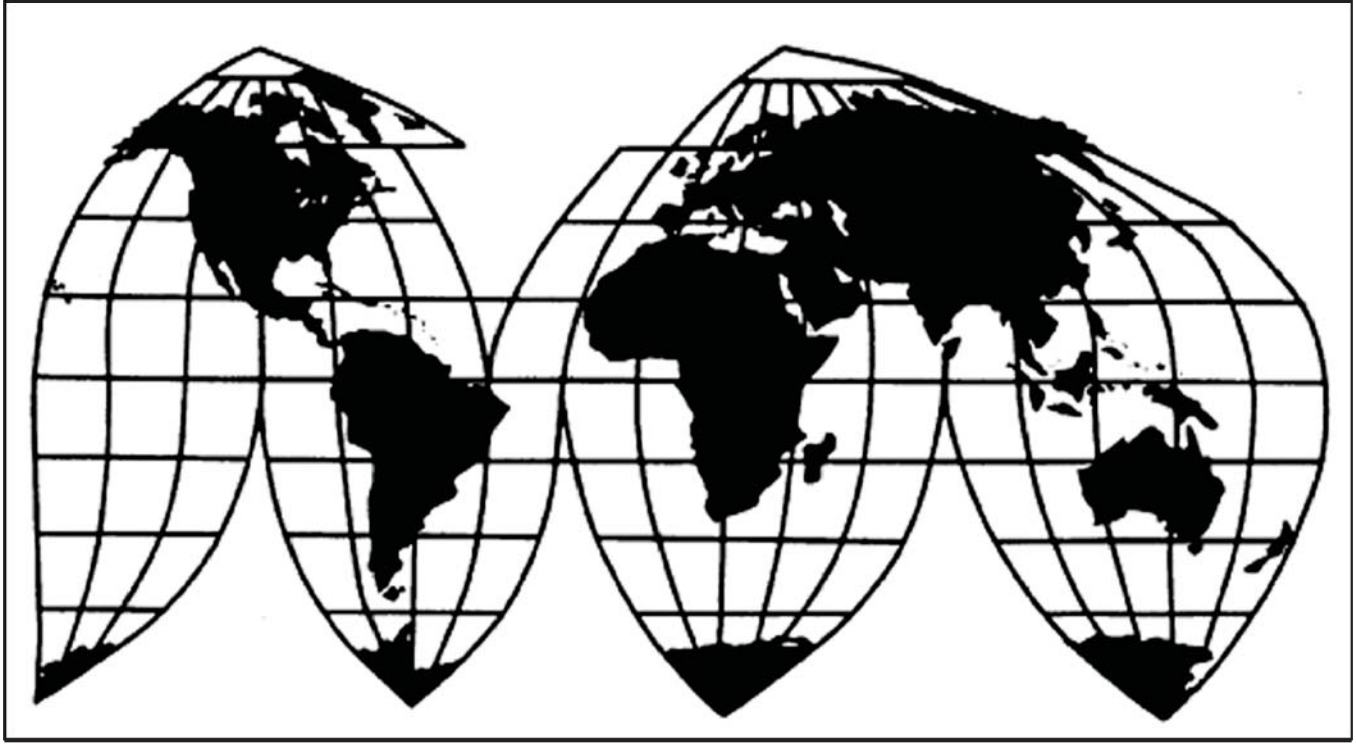
U.S. International Trade Commission



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U.S. International Trade Commission

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Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-1084-1087 (Review)

PURIFIED CARBOXYMETHYLCELLULOSE FROM FINLAND, MEXICO, NETHERLANDS AND SWEDEN

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty orders on purified carboxymethylcellulose from Mexico and Sweden would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time and that revocation of the antidumping duty orders on purified carboxymethylcellulose from Finland and Netherlands would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission instituted these reviews on June 1, 2010 (75 F.R. 30431) and determined on September 7, 2010 that it would conduct full reviews (75 F.R. 57815, September 22, 2010). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on September 22, 2010 (75 F.R. 57815). The hearing was held in Washington, DC, on February 15, 2011, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] Commission Charlotte R. Lane determined that revocation of the antidumping duty order on subject imports from Mexico would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. Commissioner Daniel R. Pearson determined that revocation of the antidumping duty orders on subject imports from Finland, Mexico, the Netherlands, and Sweden would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751© of the Tariff Act of 1930, as amended ("the Tariff Act"), that revocation of the antidumping duty orders on subject imports of purified carboxymethylcellulose ("purified CMC") from Sweden and Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] We determine that revocation of the antidumping duty orders on imports of purified CMC from Finland and the Netherlands would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

I. BACKGROUND

A. The Original Investigations

On June 30, 2005, the Commission determined that an industry in the United States was materially injured by reason of cumulated less-than-fair-value subject imports of purified CMC from Finland, Mexico, the Netherlands, and Sweden.[3] On appeal, the U.S. Court of International Trade ("CIT") upheld the Commission's cumulation analysis and final material injury determination with respect to Finland.[4] On July 11, 2005, Commerce imposed antidumping duty orders on subject imports from Finland, Mexico, the Netherlands, and Sweden.[5]

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[1] Commissioner Charlotte R. Lane finds that revocation of the antidumping duty order on subject imports from Mexico would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Additional and Dissenting Views of Commissioner Charlotte R. Lane. Commissioner Lane joins all but section V.D of this opinion.

[2] Commissioner Daniel R. Pearson finds that revocation of the antidumping duty orders on subject imports from Finland and the Netherlands would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. See Dissenting Views of Commissioner Daniel R. Pearson. Commissioner Pearson joins sections I-IV, V.A, V.B.2, V.D, and V.E of this opinion.

[3] The final determinations in the original investigations reflected the views of Chairman Deanna Tanner Okun, Commissioner Lane, and then-Commissioners Hillman, Koplan, and Miller. Commissioner Pearson made negative determinations with respect to imports from each of the subject countries. Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden, Invs. 731-TA-1084 to 1087 (Final), USITC Pub. 3787 (June 2005).

[4] Finnish producer and exporter Noviant OY and its affiliate members of the Noviant Group appealed the Commission's final determination regarding Finland, but not its determinations concerning the other subject countries. See, e.g., Confidential Staff Report, Memorandum INV-JJ-023 (Mar. 25, 2011), as modified by Memorandum INV-JJ-035 (Apr. 8, 2011) ("CR") at I-3; PR at I-2. On September 12, 2006, the U.S. Court of International Trade uheld the Commission's cumulation analysis and material injury determination. Noviant OY v. United States, 30 CIT 1447, 451 F. Supp. 2d 1367 (2006). The CIT's decision was not appealed to the Federal Circuit. Although Mexican producer/exporter Quimica Amtex, S.A. de C.V. ("Amtex") initially appealed the Commission's determination regarding imports from Mexico to a panel under Chapter 19 of the North American Free Trade Agreement, Amtex filed a February 13, 2007 consent motion that resulted in the termination of the panel review prior to the filing of any briefs or convening of any panel. See, e.g., CR at I-3; PR at I-3.

[5] See, e.g., CR at I-2; PR at I-2.

B. The Current Reviews

The Commission instituted these five-year reviews of the antidumping duty orders effective June 1, 2010.[6] The Commission found that the domestic interested party group response to the notice of institution and the respondent interested party group responses with respect to the orders on Mexico and the Netherlands were adequate. The Commission received no responses to the notice of institution with respect to the orders on Finland and Sweden but voted to conduct full reviews of all orders in the interest of administrative efficiency.[7]

The sole known U.S. producer of purified CMC is Ashland Aqualon Functional Ingredients ("Aqualon"), the name under which petitioner Aqualon Company has operated since its parent company, Hercules, Inc., was acquired in November 2008 by Ashland, Inc..[8] Aqualon, as well as the sole subject producer in Mexico, Amtex, and the remaining subject producer in the Netherlands, Akzo Nobel Functional Chemicals, B.V. ("Akzo"), participated as parties in these reviews and provided questionnaire responses.[9]

Since February 7, 2005, the companies that were referred to as members of the Noviant Group during the original investigations have operated under the CP Kelco name.[10] CP Kelco Finland, the only known subject producer in Finland, submitted a questionnaire response in these reviews. CP Kelco Netherlands submitted a questionnaire response containing data for the review period (calendar years 2005, 2006, 2007, 2008, and 2009 as well as the first nine months ("interim") of 2009 and 2010) and reporting *** purified CMC production in the Netherlands after the July 11, 2009, explosion and fire at its plant in Nijmegen.[11] The only subject producer in Sweden, CP Kelco Sweden, submitted a questionnaire response in which it reported ***.[12]

The Commission received importer questionnaire responses from 22 firms, representing virtually all imports from Finland, Mexico, the Netherlands, and Sweden during the review period.[13] In 2009, *** importers accounted for *** percent of all subject imports: ***.[14] *** importers accounted for *** percent of total non-subject imports in 2009: ***.[15]

The Commission also received purchaser questionnaire responses from 20 end users, 2 blenders, 11 distributor/resellers, a firm that classifies itself as both a blender and an end user, a firm that is both a

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[6] See, e.g., CR at I-1; PR at I-1.

[7] See, e.g., CR at I-1; PR at I-1; CR/PR at App. A.

[8] See, e.g., CR at I-9, III-1; PR at I-5, III-1; Transcript of Commission's February 15, 2011, Hearing ("Hearing Tr.") at 22 (Panichella).

[9] See, e.g., CR at I-9; PR at I-5; Hearing Tr. at 123 (Nessel), 138 (Grootnibbelink); Akzo's Prehearing Br. at 1.

[10] The members of the Noviant Group included Noviant OY, a producer/exporter of subject merchandise in Finland; Noviant BV, a subject producer/exporter in the Netherlands; Noviant AB, a subject producer/exporter in Sweden; and Noviant Inc., a U.S. importer of subject merchandise. See, e.g., CR at IV-14 to IV-15; PR at IV-6 to IV-8.

[11] See, e.g., CR at IV-14 to IV-15, IV-27 to IV-28; PR at IV-6 to IV-8, IV-9 to IV-11; Akzo's Prehearing Br. at 1; Hearing Tr. at 138 (Grootnibbelink).

[12] See, e.g., CR at IV-37; PR at IV-11 to IV-12.

[13] See, e.g., CR at I-25; PR at I-18; CR/PR at Table I-10.

[14] See, e.g., CR at I-26; PR at I-18; CR/PR at Table I-10.

[15] See, e.g., CR at I-26; PR at I-18; CR/PR at Table I-10.

distributor/reseller and a blender, and a firm that did not classify its status.[16] Their purchases were equivalent to *** percent of apparent U.S. consumption, by quantity, over the review period.[17]

II. 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."[18] The Tariff Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle."[19] The Commission's practice in five-year reviews is to look to the domestic like product definition from the original determinations and any completed reviews and consider whether the record indicates any reason to revisit the prior finding(s).[20]

A. Product Description

Consistent with the scope of the original investigations, Commerce defined the imported merchandise within the scope of these reviews as "all purified CMC." As Commerce explained, purified CMC, which is sometimes called "purified sodium CMC, polyanionic cellulose, or cellulose gum" is

> a white to off-white, non-toxic, odorless, biodegradable powder, comprising sodium CMC that has been refined and purified to a minimum assay of 90 percent. ... Purified CMC is CMC that has undergone one or more purification operations, which, at a minimum, reduce the remaining salt and other by-product portion of the product to less than ten percent.[21]

To produce purified CMC, manufacturers first swell wood and/or cotton fibers using caustic soda (sodium hydroxide) to enable the reaction mix to penetrate the fibers more easily.[22] In the reaction phase,

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[16] See, e.g., CR at I-27; PR at I-18; CR/PR at Table I-11.

[17] (Derived from questionnaire responses).

[18] 19 U.S.C. § 1677(4)(A).

[19] 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. Dep't of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[20] 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 (Jul. 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

[21] CR at I-15; PR at I-11. During the original investigations, purified CMC was imported under Harmonized Tariff Schedule of the United States ("HTS") statistical reporting number 3912.31.00, a "basket" category that also included crude/technical-grade and cross-linked CMC. Effective January 1, 2005, purified CMC was imported under HTS statistical reporting number 3912.31.0010, a number that does not include so-called technical-grade (unpurified or crude) carboxymethylcellulose but that does include cross-linked carboxymethylcellulose ("cross-linked CMC" or "croscarmellose"). See, e.g., CR at I-16; PR at I-11 to I-12.

[22] See, e.g., CR at I-21; PR at I-15. Aqualon reports that, with the exception of very high viscosity grades of CMC, for which cotton linters are required, the choice of starting cellulose (wood pulp/cotton) does not affect performance, although only wood pulp can be used to manufacture products that are certified as non-genetically

(continued...)

they then expose the open cellulosic fibers to monochloroacetic acid.[23] The product resulting from the reaction phase is referred to as crude, unpurified, or technical-grade carboxymethylcellulose. To purify the product, manufacturers remove the byproducts of the reaction, primarily sodium glycolate and sodium chloride, accounting for 30-40 percent of the resulting reaction mixture, in a series of washes and separations.[24] After the product reaches the desired purity level, manufacturers adjust the particle size of the resulting product through grinding, sieving, and agglomeration.[25] Some of the same production processes and/or production equipment used to manufacture purified CMC may be used to make other carboxymethylcellulose products, but in accordance with the scope of the original investigations, Commerce expressly excluded three such products from the scope of these reviews: (1) crude or technical-grade CMC;[26] (2) Fluidized Polymer Suspensions CMC ("FPS CMC");[27] and (3) cross-linked CMC.[28]

Purified CMC is produced in a range of grades for use in various products and industries. Grades may differ in terms of viscosity, solubility, "level of substitution," length of the CMC polymer, and concentration of specific contaminants, depending on the performance characteristics needed for the end-use application.[29] In regulated food uses,[30] purified CMC is used in products such as syrups, juices, cocoa, and tortillas as a thickener, a stabilizer, and a rheology enhancer (to affect how products stick

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[22] (...continued)
modified (non-GMO). See, e.g., Aqualon's Posthearing Br. Answers to Questions at 38.

[23] See, e.g., CR at I-21 to I-22; PR at I-15.

[24] See, e.g., CR at I-22; PR at I-15.

[25] See, e.g., CR at I-22; PR at I-15.

[26] Technical-grade CMC, produced when wood cellulose and/or cotton fibers react with alkali and chloroacetic acid but are not subjected to any purification washes, generally has a purity level of below 80 percent and costs less. See, e.g., CR at I-18, I-22; PR at I-13, I-15 to I-16. Technical-grade CMC is used primarily in detergents to inhibit redeposit of soils and in textiles for fabric sizing and as a production process aid. See, e.g., CR at I-20; PR at I-14. Technical-grade CMC and purified CMC share the same production facilities and processes initially. Beginning with the purification stage for purified CMC, however, a domestic manufacturer will use different equipment to avoid contaminating the purified CMC. Moreover, drying, grinding, sieving, and agglomeration equipment once used to make technical-grade CMC cannot economically be restored to a clean enough status for purified CMC production. See, e.g., CR at I-23; PR at I-15 to I-16.

[27] FPS CMC is a patented Aqualon product that consists of purified CMC in a liquid or fluid form at a high concentration, primarily for those companies that prefer to use a liquid as opposed to a powder, especially companies in the paper coating industry. See, e.g., CR at I-18, I-20; PR at I-13 to I-14.

[28] See, e.g., CR at I-15; PR at I-11. Cross-linked CMC, which is used as a disintegrant or excipient in pharmaceutical tablets, is manufactured using the same steps as purified CMC, but then undergoes a heating stage whereby the cellulose polymer chains are linked together by covalent linkages to achieve cross-linking. The cross-linking reduces water solubility while still allowing the material to swell and absorb many times its weight in water so that the resulting product provides superior drug dissolution and disintegration characteristics. See, e.g., CR at I-18 to I-19; PR at I-13 to I-14; Aqualon's Posthearing Br. Answers to Questions at 9-10.

[29] See, e.g., CR at I-17 to I-18, I-21; PR at I-13, I-15.

[30] In the United States, the product must exceed the 99.5 percent purity level to qualify for regulated uses (such as for food, pharmaceutical, and personal products) if the product is intended for human consumption. See, e.g., CR at I-18; PR at I-13; Hearing Tr. at 31 (Gruber). During the original investigations, petitioner Aqualon reported that a single purification wash yields a product that is approximately 90 percent pure. See, e.g., CR at I-22 & n.33; PR at I-15 & n.33.

together or feel in the consumer's mouth) and in pet foods as a gravy thickener and agent that makes the gravy adhere to the pet food morsels.[31] In personal-care products, purified CMC may be used as a thickener in toothpaste, as an adhesion promoter in denture adhesives, or as a thickener, flow facilitator, antideposition, or bonding agent in other personal-care applications such as laundry starches and detergents.[32] In pharmaceutical products, purified CMC may be used as a granulation aid and binder in tablet preparation or as a stabilizer and thickener in ointments and lotions.[33] In industrial applications, purified CMC may be used as a binder and thickener in ceramics and textiles.[34] Paper manufacturers use purified CMC to enhance printing and handling characteristics and the appearance of paper.[35] In civil engineering, purified CMC is used primarily as a thickener to provide wall stability in tunneling, horizontal drilling, and special foundation projects.[36] In oilfield applications, purified CMC is used primarily to improve hole-cleaning and suspension properties in drilling muds.[37] During the review period, the domestic industry served all major end-use applications, including regulated end-uses for purified CMC such as food[38] and personal-care applications[39] as well as non-regulated end-uses such as paper & board[40] and oilfield applications.[41]

B. The Original Investigations

In the original investigations, Aqualon advocated a single domestic like product consisting of purified CMC. No party argued in favor of defining the domestic like product differently.[42] In its determinations in the original investigations, the Commission found that all forms of purified CMC shared the same basic chemical composition and were valued by purchasers as thickening, binding, or stabilizing agents.[43] Although substitutability among the various grades of purified CMC was somewhat limited and prices varied somewhat by specification and end use, higher-purity grades were substitutable,

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[31] See, e.g., CR at I-19 to I-20; PR at I-14; Hearing Tr. at 31 (Gruber).

[32] See, e.g., CR at I-20; PR at I-14; Hearing Tr. at 31 (Gruber).

[33] See, e.g., CR at I-20; PR at I-14.

[34] See, e.g., CR at I-20; PR at I-14.

[35] See, e.g., Hearing Tr. at 39 (Zissis).

[36] See, e.g., Hearing Tr. at 39 (Zissis).

[37] See, e.g., Hearing Tr. at 39 (Zissis).

[38] The portion of the domestic industry's U.S. shipments destined for food applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Table I-1, Table I-12, and Table IV-2).

[39] The portion of the domestic industry's U.S. shipments destined for personal-care applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Table I-1, Table I-12 and Table IV-2).

[40] The portion of the domestic industry's U.S. shipments destined for paper & board applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Table I-1, Table I-12, and Table IV-2).

[41] The portion of the domestic industry's U.S. shipments destined for oilfield applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Table I-1, Table I-12, and Table IV-2).

[42] See, e.g., USITC Pub. 3787 at 5 n.26.

[43] See, e.g., USITC Pub. 3787 at 5-6.

to some extent, with lower-purity grades.[44] In addition, market participants generally considered all grades of purified CMC to be part of the same general product category.[45] Most sales of purified CMC were made to end users, and Aqualon used the same production processes, facilities, and employees to produce all of its purified CMC products.[46] Based on these considerations, the Commission defined a single domestic like product consisting of all purified CMC regardless of grade or end use.[47]

C. The Current Reviews

For purposes of these reviews, we define the domestic like product in the same manner as in the original investigations. The record of these reviews contains no information warranting reconsideration of the domestic like product definition.[48] Domestic interested party Aqualon supported adopting the domestic like product definition from the original investigations, and no respondent interested party argued otherwise.[49] We therefore define a single domestic like product comprised of a continuum of grades of purified CMC products, coextensive with the scope of the reviews.

III. 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."[50] 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.[51] Based on its finding that the domestic like product consisted of all purified CMC, in the original investigations the Commission found that the domestic industry consisted of Aqualon, the only domestic producer of purified CMC.[52] In these reviews, no evidence warrants nor did any party seek a different definition.[53] Based on our definition of the domestic like product, we again

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[44] See, e.g., USITC Pub. 3787 at 5-6.

[45] See, e.g., USITC Pub. 3787 at 5-6.

[46] See, e.g., USITC Pub. 3787 at 5-6.

[47] See, e.g., USITC Pub. 3787 at 5-6. The Commission decided not to define a domestic like product broader than the scope that included technical-grade CMC or FPS CMC, based on its finding that these two forms of CMC differed significantly from purified CMC in terms of physical characteristics and end uses, production processes, and pricing levels. See, e.g., id. at 6 n.34.

[48] See, e.g., CR at I-17 to I-24; PR at I-13 to I-17.

[49] See, e.g., Aqualon's Substantive Response at 8; Akzo's Substantive Response at 18; Amtex's Substantive Response at 12; Amtex's Prehearing Br. at 8; Amtex's Posthearing Br. at 8.

[50] 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.

[51] See, e.g., U.S. Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[52] See, e.g., USITC Pub. 3787 at 6.

[53] See, e.g., Aqualon's Response to the Notice of Institution at 8; Amtex's Response to the Notice of Institution at 12; Akzo's Response to Notice of Institution at 18.

define the domestic industry as all domestic producers of purified CMC, which in these reviews again consists solely of Aqualon.[54]

IV. CUMULATION

A. Findings in The Original Investigations

In the original investigations, the Commission found a reasonable overlap of competition among the domestic like product and subject imports from Finland, Mexico, the Netherlands, and Sweden. It therefore cumulated subject imports from all four sources.[55] In support of its decision to cumulate, the Commission found a high degree of fungibility among purified CMC produced domestically and imported from the subject countries. It further found that the domestic like product and subject imports from all four sources were generally sold throughout the United States, were simultaneously present in the U.S. market, and were sold in overlapping channels of distribution, predominantly to end users.[56]

B. Legal Standards

> With respect to five-year reviews, section 752(a) of the Tariff Act provides as follows: the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[57]

Cumulation therefore is discretionary in five-year reviews, unlike original investigations, which are governed by section 771(7)(G)(I) of the Act.[58] The Commission may exercise its discretion to cumulate, however, only if the reviews are initiated the same day, the Commission determines that subject imports are likely to compete with each other and the domestic like product in the U.S. market, and imports from each such subject country are not likely to have no discernible adverse impact on the domestic industry in

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[54] See, e.g., CR at III-1; PR at III-1.

[55] See, e.g., USITC Pub. 3787 at 7-13. Commissioner Pearson cumulated subject imports from Mexico, the Netherlands, and Sweden, but he separately analyzed subject imports from Finland. He found similarities in channels of distribution, geographic markets, and simultaneous presence among all sources, but found that subject imports from Finland were not fungible with products from other sources because they had not been certified for and thus were barred from competing for sales in food and personal-care applications that accounted for major portions of the U.S. market. Id. at 25-28.

[56] See, e.g., USITC Pub. 3787 at 7-13.

[57] 19 U.S.C. § 1675a(a)(7).

[58] 19 U.S.C. § 1677(7)(G)(i); see also, e.g., Allegheny Ludlum Corp. v. United States, 475 F. Supp. 2d 1370, 1378 (Ct. Int'l Trade 2006) (recognizing the wide latitude the Commission has in selecting the types of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); Nucor v. United States, 569 F. Supp. 2d 1328, 1337-38 (Ct. Int'l Trade 2008); U.S. Steel Corp. v. United States, 572 F. Supp.2d 1334 (Ct. Int'l Trade 2008).

the event of revocation. Our focus in five-year reviews is not only on present conditions of competition, but also on likely conditions of competition in the reasonably foreseeable future.

The statutory threshold for cumulation is satisfied, because the reviews of the antidumping duty orders on purified CMC from Finland, Mexico, the Netherlands, and Sweden were initiated on the same day.[59] In these reviews, we consider three issues in deciding whether to exercise our discretion to cumulate subject imports: (1) whether imports from any of the subject countries are precluded from cumulation because they are likely to have no discernible adverse impact on the domestic industry; (2) whether there is a likelihood of a reasonable overlap of competition among the domestic like product and imports of purified CMC from the subject countries; and (3) whether differences in the conditions of competition under which subject imports are likely to compete in the U.S. purified CMC market support declining to exercise our discretion to cumulate subject imports.[60] [61] In so doing, we take into account the various arguments by the parties.

C. Likelihood of No Discernible Adverse Impact

The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[62] Neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[63] With respect to this provision, the Commission generally considers the likely volume of subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked. Our analysis for each of the subject countries takes into account the nature of the product and the behavior of subject imports in the original investigations and during the current reviews. Given the extensive party arguments in these reviews that were framed in terms of the likelihood of no discernible adverse impact, however, we observe at the outset that the discernible adverse impact standard involves what the Federal

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[59] See, e.g., CR at I-1; PR at I-1.

[60] Chairman Okun and Commissioner Pearson note that, while they consider the same issues discussed in this section in determining whether to exercise their discretion to cumulate the subject imports, their analytical framework begins with whether imports from the subject countries are likely to face similar conditions of competition. For those subject imports which are likely to compete under similar conditions of competition, they next proceed to consider whether there is a likelihood of a reasonable overlap of competition whereby those imports are likely to compete with each other and with the domestic like product. Finally, if based on that analysis they intend to exercise their discretion to cumulate one or more subject countries, they analyze whether they are precluded from cumulating such imports because the imports from one or more subject countries, assessed individually, are likely to have no discernible adverse impact on the domestic industry. See Steel Concrete Reinforcing Bar From Belarus, China, Indonesia, Korea, Latvia, Moldova, Poland, and Ukraine, Invs. Nos. 731-TA-873 to 875, 877 to 880, and 882 (Review), USITC Pub. 3933 (Jul. 2007) (Separate and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun Regarding Cumulation). Accord Nucor Corp. v. United States, 605 F. Supp. 2d 1361, 1372 (Ct. Int'l Trade 2009); Nucor Corp. v. United States, 594 F. Supp. 2d 1302, 1345-47 (Ct. Int'l Trade 2008), aff'd, 601 F.3d 1291 (Fed. Cir. 2010).

[61] As discussed further below, Commissioners Lane and Pinkert take a different approach to analysis of the likely conditions of competition than that used by the Commission majority.

[62] 19 U.S.C. § 1675a(a)(7).

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

Circuit has described as "a relatively low standard,"[64] requiring less than what is required to find a sufficient causal nexus for purposes of causation on an individual country basis.[65]

Sweden: According to market participants, CP Kelco Sweden, the only known producer of subject merchandise in Sweden during the review period and the successor to Noviant AB, the only known subject producer in Sweden during the original investigations, closed its Swedish production facility and moved some of the equipment to non-subject country China.[66] In its questionnaire response, CP Kelco Sweden confirmed that it ***,[67] and reported that it ***.[68] Additionally, record data reflect ***.[69] Indeed, domestic interested party Aqualon stipulates that there would be no continuation or recurrence of material injury to the domestic industry if the order on purified CMC from Sweden were revoked.[70] Based on all of these considerations, we find that subject imports from Sweden are likely to have no discernible adverse impact on the domestic industry if the antidumping duty order on these imports were to be revoked. Accordingly, the statute precludes us from cumulating subject imports from Sweden with other subject imports for purposes of our analysis in these reviews.[71]

Finland: During the original investigations, only one firm manufactured purified CMC in Finland – Noviant OY, now known as CP Kelco Finland.[72] Subject imports from Finland remained in the U.S. market throughout the review period, albeit at lower levels than during the original investigations.[73]

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[64] Nippon Steel Corp v. United States, 494 F.3d 1371, 1379, n.6 (Fed. Cir. 2007); see also Nucor Corp. v. United States, ___ F. Supp. 2d ___, Slip Op. 10-10 at 41 (Ct. Int'l Trade Jan. 27, 2010) (characterizing the bar as "low" when considering export orientation for purposes of no likely discernible adverse impact when compared to the consideration of likely volume of subject imports in determining whether material injury is likely).

[65] "An adverse impact, or harm, can be discernible but not rise to a level sufficient to cause material injury." Usinor Industeel, S.A. v. United States, ___ F. Supp. 2d ___, Slip Op. 03-118 at 6-7 (Ct. Int'l Trade Sept. 8, 2003) (to require a greater effect for discernible adverse impact "would defeat the purpose of cumulation, i.e., to guard against the 'hammering' effect of imports which, in isolation, do not cause material injury.") (citing Neenah Foundry Co. v. United States, 155 F. Supp. 2d 766, 772-73 (Ct. Int'l Trade 2001)), aff'd per curiam, 112 Fed. Appx. 59 (Fed. Cir. Nov. 8, 2004); see also AG v. United States, 525 F. Supp. 2d 1353, 1364-65 (Ct. Int'l Trade 2007), aff'd per curiam sub nom. Wieland-Werke 290 Fed. Appx. 348 (Fed. Cir. 2008).

[66] See, e.g., Aqualon's Prehearing Br. at 17, 20; Amtex's Prehearing Br. at 6; Hearing Tr. at 33 (Gruber), 46 (Klett); Aqualon's Posthearing Br. at 7; Akzo's Posthearing Br. at Exh. A at 4.

[67] See, e.g., CR at IV-37; PR at IV-11; CR/PR at Table IV-12.

[68] See, e.g., CR/PR at Table IV-12.

[69] See, e.g., CR/PR at Table C-1.

[70] See, e.g., Aqualon's Prehearing Br. at 1 n.1; Hearing Tr. at 66 (Lebow); Aqualon's Response to Notice of Institution at 9.

[71] 19 U.S.C. § 1675a(a)(7).

[72] See, e.g., CR at IV-14; PR at IV-6.

[73] U.S. shipments of subject imports from Finland increased from *** pounds in 2002 to *** pounds in 2003, then declined to *** pounds in 2004. U.S. shipments of subject imports from Finland declined to *** pounds in 2005 then increased to *** pounds in 2006, *** pounds in 2007, and *** pounds in 2008, and then declined to *** pounds in 2009; U.S. shipments of subject imports from Finland were *** pounds in interim 2009 and *** pounds in interim 2010. In terms of apparent U.S. consumption, Finland's market share was: *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** in interim 2009 and *** percent in interim 2010. See, e.g., CR/PR at Table I-1, and Table I-12.

CP Kelco Finland *** inventories in the United States since 2005.[74] At the time of the original investigations, Noviant OY had sister facilities in the Netherlands and Sweden, but presently, only CP Kelco Finland operates in any subject country.[75] CP Kelco Finland has increased its overall export orientation since the original investigations, and it continued to ship a meaningful share of its exports to the United States, even after imposition of the antidumping duty order.[76] Since the original investigations, CP Kelco Finland has become certified to produce regulated grades of purified CMC,[77] and the record shows U.S. shipments of products manufactured in Finland for ***.[78]

CP Kelco Finland's reported capacity for the review period is lower than that reported in the original investigations. We give only limited weight, however, to its more recent reported capacity for several reasons. The capacity reported in these reviews is *** than the reported capacity *** the original investigations,[79] and *** with the estimates submitted by ***.[80] The capacity that CP Kelco Finland

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[74] See, e.g., CR at IV-15; PR at IV-6.

[75] See, e.g., CR at IV-14, IV-28, IV-37; PR at IV-6, IV-9 to IV-11. The corporate entity's U.S. presence and market share also have declined overall since the original investigations. During the original investigations, U.S. shipments of subject products collectively manufactured by members of the Noviant Group in Finland, the Netherlands, and Sweden increased from *** pounds in 2002 to *** pounds in 2003, then declined to *** pounds in 2004. Subject imports from the Noviant Group, which became known by the name CP Kelco, then declined to *** pounds in 2005, increased to *** pounds in 2006 and *** pounds in 2007, and declined to *** pounds in 2008 and *** pounds in 2009. In terms of apparent U.S. consumption, the corporate entity's market share was *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009. (Derived from CR/PR at Table I-1).

The members of the Noviant Group collectively reported subject production capacity that decreased from *** pounds in 2002 and 2003 to *** pounds in 2004, *** pounds in 2005, 2006, and 2007, *** pounds in 2008, and *** pounds in 2009. (Derived from CR/PR at Tables IV-5, IV-6, IV-9, IV-10, IV-11, and IV-12). Their capacity utilization was *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009. (Derived from CR/PR at Tables IV-5, IV-6, IV-9, IV-10, IV-11, and IV-12).

[76] During the original investigations, Noviant OY's exports as a share of its total shipments increased from *** percent in 2002 to *** percent in 2003 and *** percent in 2004, with U.S. exports accounting for ***, ***, and *** percent of its total shipments in those years. During the review period, exports constituted a larger and generally growing share of CP Kelco Finland's total shipments, accounting for *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. U.S. exports accounted for ***, ***, ***, ***, ***, ***, and *** percent, respectively, of its total shipments in those years. See, e.g., CR/PR at Tables IV-5, IV-6.

[77] See, e.g., Aqualon's Prehearing Br. at 17, 20, 26; Hearing Tr. at 29 (Panichella), 47-48 (Klett); Aqualon's Posthearing Br. at 7, Answers to Questions at 2.

[78] See, e.g., CR/PR at Tables IV-2, IV-16.

[79] In the original investigations, Noviant OY reported decreasing purified CMC capacity in Finland from *** pounds in 2002 and 2003 to *** pounds in 2004 ***. See, e.g., CR/PR at Table IV-5; CR at IV-16; PR at IV-7. In these reviews, CP Kelco Finland reports that its theoretical maximum capacity to produce purified CMC is *** pounds, but it asks the Commission to rely on its reported operating or average production capacity of *** pounds between 2005 and 2009, which is ***. See, e.g., CR at IV-16; PR at IV-7. Although CP Kelco Finland emphasizes that its capacity for the review period is based on average production capacity, ***. See, e.g., CR at IV-17 at n.20; PR at IV-7 at n.20 (defining average production capacity for these reviews). ***. See, e.g., e-mail exchange between Commission's investigator and CP Kelco Finland of March 24 and March 25, 2011.

[80] See, e.g., Aqualon's Prehearing Br. at 1, 15-16, 35-36; Aqualon's Posthearing Br. at 7-8, Answers to Questions at 2-3; CR/PR at Table IV-17; Akzo's Posthearing Br. at Exh. A at 2; Amtex's Posthearing Br. at Exh. A at 12-13.

reported in these reviews also appears inconsistent with ***.[81] Furthermore, CP Kelco Finland ***.[82] Nevertheless, even its own data indicate that CP Kelco Finland has a large production facility with available capacity.[83] Consequently, due to its available capacity, export orientation, continued interest in the U.S. market, and its broader product offerings, we do not find that subject imports from Finland would likely have no discernible adverse impact on the domestic industry if the antidumping duty order on these imports were revoked.

Mexico:[84] During the original investigations and the review period, only one firm, Amtex, manufactured purified CMC in Mexico.[85] Since the original investigations, subject imports from Mexico remained in the U.S. market.[86] Amtex *** inventories of purified CMC in the United States, ***, since 2005.[87] During the original investigations and the review period, the home market in Mexico accounted for the *** share of its total shipments, although Amtex also exported purified CMC to the United States.[88] Amtex had *** production capacity during the review period and has some available capacity.[89] Consequently, we do not find that subject imports from Mexico would likely have no discernible adverse impact on the domestic industry if the antidumping duty order on these imports were revoked.

The Netherlands: During the original investigations, there were two known producers/exporters of purified CMC in the Netherlands, Noviant BV and Akzo.[90] The Noviant BV facility, which operated under the name CP Kelco during the review period, experienced an explosion and fire in July 2009.[91] According to the parties to these reviews, the facility will not be rebuilt, and any remaining inventories of

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[81] For example, ***. See, e.g., CR at IV-17; PR at IV-7.

[82] See, e.g., CR/PR at Table IV-6.

[83] Based on the data reported by CP Kelco Finland and its predecessor, the firm's capacity utilization increased from *** percent in 2002 to *** percent in 2003 and *** percent in 2004. During the review period, its capacity utilization was *** percent in 2005 and 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Tables IV-5, IV-6. Thus, CP Kelco Finland had ***).

[84] Chairman Okun and Commissioner Pearson do not join this paragraph, as they do not reach the question of whether there is a likelihood of no discernible adverse impact by subject imports from Mexico. See footnote 60 supra discussing our methodology and section IV.D.E. infra regarding the Commission's findings on the likely conditions of competition under which subject imports from Mexico would likely compete in the U.S. market.

[85] See, e.g., CR at IV-21; PR at IV-8.

[86] In 2004, at the end of the original investigations, U.S. shipments of subject imports from Mexico were *** pounds and accounted for *** percent of apparent U.S. consumption. U.S. shipments of subject imports from Mexico were *** pounds in 2009, *** pounds in interim 2009, and *** pounds in interim 2010. In terms of apparent U.S. consumption, subject imports from Mexico held market shares of: *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Table I-1, and Table I-12.

[87] See, e.g., CR at IV-22; PR at IV-8.

[88] During the original investigations, an increasing share of Amtex's total shipments were directed at its home market. See, e.g., CR/PR at Table IV-7. During the review period, Amtex's home market in Mexico accounted for *** of its total shipments (e.g., *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010), whereas shipments to the United States accounted for *** percent of its total shipments in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Table IV-8.

[89] Amtex reported a stable production capacity of *** pounds throughout the 2005 to 2009 period. See, e.g., CR/PR at Tables IV-7 and IV-8. Its capacity utilization was *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Tables IV-7 and IV-8.

[90] See, e.g., CR at IV-27; PR at IV-9.

[91] See, e.g., Hearing Tr. at 167 (Raatjes).

products manufactured by CP Kelco Netherlands have been sold.[92] In its questionnaire response in these reviews, CP Kelco Netherlands reported ***.[93] It reported ***.[94] Based on this evidence and absent contrary party arguments,[95] we relied primarily on the data of the only remaining producer of subject merchandise in the Netherlands, Akzo, for purposes of assessing whether to cumulate likely subject imports from the Netherlands with other subject imports in these reviews.[96]

Since the original investigations, Akzo has had a U.S. market presence.[97] Akzo has reduced its production capacity since the original investigations,[98] but has available capacity,[99] particularly after factoring in its ability to shift from the production of cross-linked and/or technical-grade CMC to the production of purified CMC.[100] During the original investigations and reviews, exports constituted *** of Akzo's total shipments, and it continued to export subject merchandise to the United States even after

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[92] See, e.g., Hearing Tr. at 167 (Raatjes).

[93] See, e.g., CR/PR at Table IV-10.

[94] See, e.g., CR/PR at Table IV-10.

[95] See, e.g., Aqualon's Prehearing Br. at 13, 20; Akzo's Prehearing Br. at 1, 6; Hearing Tr. at 66 (Lebow), 138 (Grootnibbelink), 147-49 (Manning).

[96] In our analysis of whether revocation of the antidumping duty orders on cumulated subject imports from Finland and the Netherlands is likely to result in the continuation or recurrence of material injury to the domestic industry, however, we also considered data related to Dutch producer CP Kelco Netherlands while in operation, consistent with the statutory requirement to consider the behavior of subject imports during the original investigations and review period.

[97] During the original investigations, Akzo's exports to the United States of subject purified CMC increased from *** pounds in 2002 to *** million pounds in 2003 and *** pounds in 2004. See, e.g., CR/PR at Table IV-9. During the review period, U.S. shipments of purified CMC manufactured by Akzo increased from *** pounds in 2005 to *** pounds in 2006 and *** pounds in 2007 before declining to *** pounds in 2008 and *** pounds in 2009; its U.S. shipments in interim 2009 were *** pounds in interim 2009 and *** pounds in interim 2010. See, e.g., CR/PR at Table I-1. Expressed in terms of apparent U.S. consumption, Akzo's share was: *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** in 2009, *** percent in interim 2009 and *** percent in interim 2010. (Derived from CR/PR at Table IV-9, Table I-1, and/or Table I-12).

[98] Akzo's capacity to produce purified CMC increased from *** pounds in 2002 to *** pounds in 2003 and *** pounds in 2004, but during the review period its production capacity declined overall from *** pounds in 2005 to *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, and *** pounds in interim 2009 and *** pounds in interim 2010. See, e.g., CR/PR at Tables IV-9, IV-10.

[99] Akzo's capacity utilization was *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. Thus, the firm generally operated at lower capacity-utilization levels at the end of the review period than it had earlier in the review period. See, e.g., CR/PR at Tables IV-9, IV-10. Akzo reported total capacity of its *** production lines in these reviews after factoring in *** days of shutdown for maintenance. See, e.g., CR at IV-30; PR at IV-10.

[100] Akzo reported that ***. See, e.g., CR at IV-28; PR at IV-10; CR/PR at Table IV-15. The company reports ***. See, e.g., CR at IV-30; PR at IV-10. Akzo's total capacity to produce purified CMC, cross-linked CMC, and technical-grade CMC was stable over the review period (at *** pounds between 2005 and 2009 and *** pounds in interim 2009 and interim 2010). Nevertheless, Akzo varied its reported capacity and production for each of the three products throughout the review period, indicating that it is relatively easy for the firm to shift at least some capacity and production to purified CMC when it decides to do so. See, e.g., CR/PR at Table IV-15.

imposition of the orders.[101] Consequently, due to its available capacity and interest in exports, including exports to the U.S. market, we do not find that subject imports from the Netherlands would likely have no discernible adverse impact on the domestic industry if the antidumping duty order on purified CMC from the Netherlands were revoked.

D. Likelihood of a Reasonable Overlap of Competition[102]

The Commission generally has considered four factors intended to provide a framework for determining whether subject imports compete with each other and with the domestic like product.[103] Only a "reasonable overlap" of competition is required.[104] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market.[105]

In the original investigations, the Commission found a reasonable overlap of competition among subject imports from Finland, Mexico, the Netherlands, and Sweden and between subject imports and the domestic like product. It therefore cumulated subject imports from all four sources.[106] In support of its

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[101] Exports accounted for *** of Akzo's shipments during the original investigations and review period (*** percent of all shipments in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010). During the original investigations, an increasing share of Akzo's total shipments were directed to the United States (*** percent in 2002, *** percent in 2003, and *** percent in 2004). During the review period, Akzo's exports to the United States accounted for *** percent of its total shipments in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010). See, e.g., CR/PR at Tables IV-9, IV-10.

[102] Chairman Okun and Commissioner Pearson do not join this section's findings regarding subject imports from Mexico.

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

[104] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle From Canada and Mexico, Invs. Nos. 701-TA-386 and 731-TA-812 to 813 (Prelim.), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp. 2d 1353 (Ct. Int'l Trade 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-761 to 762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

[105] See generally Chefline Corp. v. United States, 219 F. Supp. 2d 1313, 1314 (Ct. Int'l Trade 2002).

[106] See, e.g., USITC Pub. 3787 at 7-13. Commissioner Pearson cumulated subject imports from Mexico, the Netherlands, and Sweden, but he separately analyzed subject imports from Finland. He found similarities in channels of distribution, geographic markets, and simultaneous presence among all sources, but found that subject imports from Finland were not fungible with products from other sources because they had not been certified for and thus were barred from competing for sales in food and personal-care applications that accounted for major portions

(continued...)

cumulation determination, the Commission found that there was a high degree of fungibility among purified CMC produced domestically and imported from the subject countries and that the domestic like product and subject imports from all four sources were simultaneously present throughout the U.S. market and were sold in overlapping channels of distribution, primarily to end users.[107] In these reviews, Aqualon argues that there is a likely reasonable overlap of competition among subject imports from Finland, Mexico, and the Netherlands and between these imports and the domestic like product,[108] whereas Mexican producer Amtex[109] and Dutch producer Akzo each argue against cumulating their imports with imports from the other subject countries.[110]

In these reviews, a majority of questionnaire respondents reported that U.S.-produced products and imports from each of the subject countries can "always" or "frequently" be used interchangeably.[111] The record indicates a relatively high degree of fungibility[112] among the domestic like product and subject imports from Finland and the Netherlands, because all were sold in overlapping applications.[113] Subject imports from Mexico are less fungible, however, to the extent that they are ***.[114] The domestic like product and subject imports from Finland, Mexico, and the Netherlands were sold throughout the review period, and the domestic producer Aqualon and responding importers reported that they served customers throughout the United States.[115] Domestic producer Aqualon and importers of subject

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[106] (...continued)
of the U.S. market. Id. at 25-28.

[107] See, e.g., USITC Pub. 3787 at 7-13. The Commission did not agree with arguments that Finnish products were sold for end uses where other subject imports had a limited presence, based on its finding of overlap in the paper board and oilfield sectors of the U.S. market, overlap at specific purchaser accounts, a meaningful volume overlap shown in the pricing data, and evidence that physical differences among grades of purified CMC for various end uses – particularly the non-regulated end uses – were not very substantial. See, e.g., USITC Pub. 3787 at 10-11. The Commission also rejected arguments that subject imports from Mexico were not fungible with other sources, noting that imports from Mexico overlapped with the domestic like product and/or subject imports for sales in the food and "other" sectors of the U.S. market, competed for sales to specific end users, and consisted of "standard" grades that the majority of questionnaire respondents reported were always or frequently interchangeable with the domestic like product. See, e.g., USITC Pub. 3787 at 11-12.

[108] See, e.g., Aqualon's Prehearing Br. at 38-39; Hearing Tr. at 40-42 (Zissis), 44 (Klett).

[109] See, e.g., Amtex's Prehearing Br. at 9-12; Hearing Tr. at 125-26 (Nessel), 127-30 (Piotti), 130-31 (Nessel), 203-04 (Nessel); Amtex's Posthearing Br. at 2, 4-5, 12-13, Exh. A at 20-21.

[110] See, e.g., Akzo's Prehearing Br. at 9-11.

[111] See, e.g., CR at II-17; PR at IV-10; CR/PR at Table II-5.

[112] Commissioner Lane notes that, with respect to fungibility, her analysis does not require such similarity of products that a perfectly symmetrical fungibility is required and that this factor would be better described as an analysis of whether subject imports from each country and the domestic like product could be substituted for each other. See Separate Views of Commissioner Charlotte R. Lane, Certain Lightweight Thermal Paper from China, Germany, and Korea, Invs. Nos. 701-TA-451 and 731-TA-1126-1128 (Preliminary), USITC Pub. 3964 (Nov. 2007).

[113] See, e.g., CR/PR at Table IV-2.

[114] See, e.g., CR at II-24 n.16; PR at IV-16 n.16; CR/PR at Table IV-2. In addition to the "food" segment, the segment that accounted for the largest share of the U.S. market, where there were sales by ***, there were sales to the "personal-care" segment by ***, sales to the "paper & board" segment by ***, sales to the "oilfield" segment by ***, and sales to the "all others" segment by ***. See, e.g., CR/PR at Table IV-2.

[115] See, e.g., CR at II-3 to II-4, IV-9; PR at II-1, IV-3; CR/PR at Tables I-1, IV-3.

merchandise from Finland, Mexico, and the Netherlands reported selling mostly to end users.[116] Moreover, as discussed below, from 2008 to 2010, the majority of subject imports from Mexico were purchased by ***, which further limits the likely overlap in channels of distribution between imports from Mexico and imports from the other subject countries as well as the domestic like product. Although we recognize that the likely overlap with respect to subject imports from Mexico is somewhat lower, we find a likely reasonable overlap of competition among the domestic like product and subject imports from Finland, Mexico, and the Netherlands in the event that the antidumping duty orders are revoked.

E. Other Likely Conditions of Competition[117] [118]

In determining whether to exercise our discretion to cumulate subject imports, we assess whether subject imports from Finland, Mexico, and the Netherlands are likely to compete under similar or different conditions in the U.S. market in the event the antidumping duty orders are revoked.[119] For the reasons discussed below, we find that subject imports from Finland and the Netherlands would likely compete under similar conditions of competition in the U.S. market in the event of revocation, but we

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[116] See, e.g., CR at II-1; PR at II-1; CR/PR at Table II-1.

[117] Commissioner Lane does not join this section and explains her analysis of other considerations as follows. Where, in a five-year review, she does not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked, and finds that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, she cumulates such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. Based on the record in these reviews, and parallel to the discussion in her Additional and Dissenting views, she finds that there is no such condition or propensity with respect to the subject imports from Mexico.

While she agrees with Commissioner Pinkert that Amtex is focused in the food and all other sectors of the purified CMC market and that a few longstanding customers account for most of its U.S. sales, these conditions have persisted since the original investigations and she does not find that they have limited competition to the degree that she should not cumulate subject imports from Mexico with those from Finland and the Netherlands.

[118] Commissioner Dean A. Pinkert joins this section but notes as follows. Where, in a five-year review, he does not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked, and finds that they would be likely to compete with each other and with the domestic like product in the U.S. market, he cumulates them unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted.

In this case, Commissioner Pinkert finds there is no such condition or propensity with respect to subject imports from Finland or the Netherlands but that there is such a condition or propensity with respect to subject imports from Mexico. As discussed in the text, Amtex enjoys a strong home market in Mexico. Moreover, it has long been focused in the U.S. market on the food and "other" sectors (predominantly the former) and relies on a few longstanding customers for most of its U.S. sales. Consequently, Mexico's U.S. market share has been relatively stable going all the way back to the period originally investigated by the Commission, which is an indication that Mexico's limited participation in the U.S. market is structural.

[119] See, e.g., Nucor Corp. v. United States, 601 F.3d 1291, 1296-97 (Fed. Cir. 2010) (Commission may reasonably consider likely differing conditions of competition in deciding whether to cumulate subject imports in five-year reviews); Allegheny Ludlum Corp., 475 F. Supp. 2d at 1378 (recognizing the wide latitude the Commission has in selecting the type of factors it considers relevant in deciding whether to exercise discretion to cumulate subject imports in five-year reviews); Nucor Corp., 569 F. Supp. 2d at 1337-38; U.S. Steel, Slip Op. 08-82.

find that subject imports from Mexico would likely compete under different conditions of competition in the U.S. market in the event of revocation.[120]

First, during the original investigations and review period, subject producers in Finland and the Netherlands reported a similar dependence on exports and lack of a significant home market. For example, as discussed earlier, CP Kelco Finland and Dutch producer Akzo reported exporting *** percent and *** percent of their total shipments in 2009, respectively.[121] In contrast, in the original investigations and review period, the subject producer in Mexico depended heavily on sales to its home market. For example, Amtex reported selling *** percent of its total shipments in 2009 to its home market.[122]

Second, subject producers in Finland and the Netherlands had substantial capacity and in particular, excess capacity, with which they could increase their exports to the United States in the event the orders were revoked. For example, based on its reported data, CP Kelco Finland had a capacity of *** pounds in 2009 and operated at *** percent capacity utilization that year, a level that was significantly lower than its level of *** percent in 2007.[123] As explained earlier, however, even this excess capacity may be substantially understated given concerns about the way CP Kelco Finland reported its capacity. Likewise, the remaining Dutch producer in operation, Akzo, had a production capacity of *** pounds in 2009 and a capacity utilization of *** percent.[124] Moreover, as discussed above, Akzo had further available capacity because it could shift its manufacturing equipment to produce purified CMC instead of technical-grade and cross-linked CMC, given that it had shifted capacity and production among these products throughout the review period.[125] Thus, subject producers in Finland and the Netherlands both have substantial excess capacity to increase their exports to the United States if the orders were revoked. In contrast, the subject producer in Mexico reported production capacity of *** pounds in 2009 and a capacity utilization of *** percent in 2009, compared to a period high of *** percent in interim 2010.[126] Moreover, unlike Akzo, Amtex ***.[127] Amtex had much less unused production capacity and is therefore less likely than subject producers in Finland and the Netherlands to significantly increase its exports to the United States in the reasonably foreseeable future if the orders were revoked.

Additionally, the subject producer in Mexico is likely to operate differently in the U.S. market than its counterparts in Finland and the Netherlands based on its past behavior in the U.S. market and other markets. For example, in the U.S. market, Amtex sold purified CMC primarily for food and "all other" applications during the review period, whereas subject producers in Finland and the Netherlands

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[120] Commissioner Lane finds that subject imports from Finland, Mexico, and the Netherlands would likely compete under similar conditions of competition in the U.S. market in the event of revocation of the orders. See Commissioner Lane's Additional and Dissenting Views.

[121] See, e.g., CR/PR at Tables IV-5 and IV-6 (Finland) and Tables IV-9 and IV-10 (Netherlands).

[122] See, e.g., CR/PR at Tables IV-7 and IV-8 (Mexico).

[123] See, e.g., CR/PR at Table IV-6.

[124] See, e.g., CR/PR at Table IV-10.

[125] See, e.g., CR/PR at Table IV-15.

[126] See, e.g., CR/PR at Table IV-8.

[127] See, e.g., CR/PR at Table IV-15. Amtex *** produce products other than purified CMC on the same equipment used in the production of purified CMC, ***. See, e.g., CR at IV-22, IV-26, IV-27; PR at IV-8 to IV-9; CR/PR at Table IV-15; Amtex's Prehearing Br. at 20-21; Amtex's Posthearing Br. at Exh. A at 8-9.

sold purified CMC for a broader range of end-use applications.[128] Overall, the Finnish producer focuses on *** – a sector for which Amtex ***.[129] CP Kelco Finland and Akzo also export substantially for ***.[130] Similarly, CP Kelco Finland and Akzo export ***.[131] We find that Amtex's behavior during the review period in the U.S. market was not a function of the antidumping duty order but instead is consistent with the firm's behavior during the original investigations[132] and with the firm's global behavior.[133]

Furthermore, in the U.S. market, Amtex had a relatively discrete number of generally longstanding customers that it supplied both during the original investigations and review period, so its post-order behavior has been more stable.[134] From 2008 to 2010, the majority of subject imports from Mexico were purchased by ***.[135] In contrast, the subject producers in Finland and the Netherlands served a broader range of applications in the U.S. and global markets,[136] and their participation in the U.S. market fluctuated more noticeably as a result of the imposition of the antidumping duty orders.[137] Indeed, with respect to Akzo's contention that it now serves only smaller-volume so-called niche "P+"[138] sales in the U.S. market unlike other subject producers, we note that Akzo concedes in making this argument that it changed its behavior after the antidumping duty orders were imposed.[139] Moreover, the

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[128] See, e.g,. CR/PR at Table IV-2.

[129] See, e.g., CR/PR at Table IV-16; Amtex's Prehearing Br. at 9-10; Hearing Tr. at 126 (Nessel), 128 (Piotti); Amtex's Posthearing Br. at 2, 4.

[130] See, e.g., CR/PR at Table IV-16.

[131] See, e.g., CR/PR at Table IV-16.

[132] See, e.g., Staff Report from Original Investigations, Memorandum INV-CC-079 (June 2, 2005) at Table IV-3 (showing imports of subject merchandise from Mexico ***).

[133] See, e.g., CR/PR at Table IV-16 (showing that during the review period, Amtex sold primarily to the food and "other" sectors both in its home market and non-U.S. export markets, sold some purified CMC for oilfields applications but only in relatively modest quantities and only in its home market, and had only nominal sales globally in the personal-care and paper & board segments).

[134] See, e.g., CR/PR at Table I-1 (showing relatively stable U.S. market share for subject imports from Mexico during the original investigations and review period). See also, e.g., Hearing Tr. at 17-18 (Neeley); Amtex's Posthearing Br. at 6, Exh. A at 7-8, 21-22, Exh. 2; Amtex's Prehearing Br. at 3.

[135] Azteca, ***, accounted for *** to *** percent of Amtex's U.S. sales from 2008 to 2010, by volume. *** accounted for *** to *** percent of its U.S. sales in that timeframe. See, e.g., Amtex's Posthearing Br. at Exh. 2. In 2009, Azteca purchased *** percent of its purified CMC from Amtex, *** percent from CP Kelco Netherlands, and *** percent from non-subject sources. See, e.g., Azteca's Purchaser Questionnaire response to Question II-1. *** purchased *** percent of its purified CMC from Amtex in 2009 and interim 2010, and during the review period did not purchase any purified CMC manufactured in the United States, Finland, the Netherlands, or Sweden. See, e.g., ***'s Purchaser Questionnaire response to Question II-1. *** have been customers of Amtex since the 1990s. See, e.g., Amtex's Posthearing Br. at 6.

[136] See, e.g., CR/PR at Table IV-2, Table IV-16; foreign producer questionnaire responses to Question II-9.

[137] See, e.g., CR/PR at Table I-1, Table IV-10 (showing for subject producers in Finland and the Netherlands *** declines in their exports to the United States and U.S. market shares immediately after imposition of the antidumping duty orders).

[138] We note there is no evidence on the record that this product classification is recognized by the broader market. Indeed, the lengthy *** in Exhibit E of Akzo's Posthearing Brief makes no mention of such a product classification.

[139] See, e.g., Hearing Tr. at 20-21 (West), 140-41 (Grootnibbelink), 141-47 (Raatjes), 150-54 (Manning), 170-72 (West), 201-03 (West), 218-19 (Manning); Akzo's Final Comments at 7.

fact that Akzo currently sells *** in the U.S. market does not mean that it would not sell purified CMC for a wider variety of applications in the U.S. market, including ***, in the event of revocation. We note that in interim 2010, ***.[140] Moreover, in 2009, Akzo had significant unused capacity.[141]

In sum, we find similarities in the likely conditions of competition facing subject imports from Finland and the Netherlands in the U.S. market and have exercised our discretion to cumulate these imports for our analysis in these reviews. Based on our finding of significant differences in the likely conditions of competition facing subject imports from Mexico in the U.S. market, however, we have decided not to exercise our discretion to cumulate subject imports from Mexico with imports from any of the other subject countries.[142]

V. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS UNDER REVIEW ARE REVOKED

A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping 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 and/or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[143] The SAA states that "under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[144] Thus, the likelihood standard is prospective in nature.[145] The CIT has found that "likely," as used in the five-year review provisions of the Tariff Act, means "probable," and the Commission applies that standard in five-year reviews.[146] [147] [148]

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[140] See, e.g., Akzo's foreign producer questionnaire response to Question II-9.

[141] See, e.g., CR/PR at Table IV-10. The fact that Akzo made no arguments regarding the so-called P+ strategy in its Prehearing Brief, and raised the issue for the first time at the Commission's hearing, further calls into question the long-term significance of any such shift.

[142] Commissioner Lane finds sufficient similarities in the likely conditions of competition facing imports from Finland, Mexico, and the Netherlands that she exercises her discretion to cumulate these imports for her analysis in these reviews. See Commissioner Lane's Additional and Dissenting Views.

[143] 19 U.S.C. § 1675a(a).

[144] SAA at 883-84. The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." Id. at 883.

[145] 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.

[146] 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

(continued...)

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."[149] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis in original investigations."[150]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping duty investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effects, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[151] 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, whether the industry is vulnerable to material injury if the order were revoked, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[152] 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.[153]

In evaluating the likely volume of imports of subject merchandise if the orders under review were 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.[154] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors, as follows: (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

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[146] (...continued)
opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 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'").

[147] For a complete statement of Chairman Okun's interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the "Likely" Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Argentina, Brazil, Germany, and Italy, Invs. Nos. 701-TA-362 (Review) and 731-TA-707 to 710 (Review) (Remand), USITC Pub. 3754 (Feb. 2005).

[148] Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape From Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (Jun. 2004), she does not concur with the U.S. Court of International Trade's interpretation of "likely," but she will apply the Court's standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses this issue.

[149] 19 U.S.C. § 1675a(a)(5).

[150] 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.

[151] 19 U.S.C. § 1675a(a)(1).

[152] 19 U.S.C. § 1675a(a)(1).

[153] 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[154] 19 U.S.C. § 1675a(a)(2).

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.[155]

In evaluating the likely price effects of subject imports if the orders under review were revoked, 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.[156]

In evaluating the likely impact of imports of subject merchandise if the orders under review were revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.[157] 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 at issue and whether the industry is vulnerable to material injury if the orders were revoked.[158]

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[155] 19 U.S.C. § 1675a(a)(2)(A-D).

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

[157] 19 U.S.C. § 1675a(a)(4).

[158] 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, 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Tariff Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" 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. Section 751(a)(4) of the Act requires Commerce, if requested by a party in an administrative review, to determine whether a foreign producer or importer of subject merchandise has absorbed antidumping duties. The Commission is specifically directed to take into account the findings of Commerce regarding duty absorption. 19 U.S.C. § 1675a(b)(1)(D).

B. Conditions of Competition and Business Cycle

In evaluating the likely impact of 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."[159]

1. Findings in Original Investigations[160]

In the original investigations, the Commission found that apparent U.S. consumption had increased steadily and markedly from *** million pounds in 2002 to *** million pounds in 2004.[161] The Commission found that demand for purified CMC was driven by downstream demand for the "regulated" and "non-regulated" products in which it was used.[162] It found that demand for purified CMC grew in all major end-use sectors but that demand growth was heavily affected by a substantial increase in the oilfield sector, where apparent U.S. consumption increased from *** million pounds in 2002 to *** million pounds in 2004.[163]

In its original determinations, the Commission observed that the only domestic producer, Aqualon, increased its capacity and capacity utilization but was unable to supply the entire U.S. market at any point; its capacity in 2004 was equivalent to *** percent of apparent U.S. consumption in that year.[164] Aqualon increased its share of the U.S. market during the original investigations from *** percent in 2002 to *** percent in 2003 and *** percent in 2004.[165] Although their share of the U.S. market declined during the original investigations, cumulated subject imports held a larger share of the market than the domestic industry; their market share was *** percent in 2002, *** percent in 2003, and *** percent in 2004.[166] Noviant, which owned purified CMC production facilities in three of the four subject countries at the time of the original investigations, was then the world's largest producer, accounting for *** percent of total global production capacity in 2003.[167] Imports from non-subject sources, primarily China and France, held a small but growing share of the U.S. market, at *** percent in 2002, *** percent in 2003, and *** percent in 2004.[168] The Commission noted, however, that average-unit values of imports from China and France were higher than those of imports from the four subject countries in 2003 and 2004.[169]

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[159] 19 U.S.C. § 1675a(a)(4).

[160] Commissioner Pearson does not join this section. He wrote separately on conditions of competition in the original investigations. USITC Pub. 3787 at 30-32.

[161] See, e.g., Confidential Original Views, EDIS Doc. No. 430770 ("Original Views") at 21.

[162] Between 2002 and 2004, the share of the U.S. market accounted for by the major end-uses was as follows: food (*** percent); personal-care and pharmaceuticals (*** percent)); oilfield (*** percent); paper & board (*** percent); and "other uses" (*** percent). See, e.g., Original Views at 21.

[163] See, e.g., Original Views at 21-22.

[164] See, e.g., Original Views at 22.

[165] See, e.g., Original Views at 22.

[166] See, e.g., Original Views at 22-23.

[167] See, e.g., Original Views at 23.

[168] See, e.g., Original Views at 23.

[169] See, e.g., Original Views at 23.

In the original investigations, the Commission found that there was a moderate to high degree of substitutability among subject imports and the domestic like product, and that price was a significant factor in purchasing decisions.[170] Although purchasers required suppliers to be qualified, nearly three-quarters of purchasers reported that their domestic or foreign suppliers had never failed to qualify their products; the record also indicated that domestic and subject suppliers offered many of the same standard grades of purified CMC for sale in the U.S. market at that time.[171] The Commission also found only limited possible substitutes for purified CMC and only in a limited number of the end uses for which purified CMC was used during the original investigations.[172]

2. Findings in These Reviews

In these reviews, we find the following conditions of competition relevant to our analysis.

Demand conditions: Demand for purified CMC depends upon demand for the applications in which it is used, including food, personal-care products, cosmetics, pharmaceuticals, paper & board, and oilfield applications.[173] Throughout the review period, food applications accounted for a large share of the U.S. market for purified CMC,[174] whereas paper & board applications accounted for a lower share,[175] and personal-care applications accounted for an even smaller share.[176] The volume of U.S. shipments destined for oilfield applications fluctuated widely during the review period; it was relatively large at the beginning of the review period, dropped sharply in 2008 and 2009, but was somewhat higher in interim 2010, consistent with trends in oil-rig counts and macroeconomic conditions.[177]

Overall, apparent U.S. consumption for purified CMC increased from *** pounds in 2005 to *** pounds in 2006, *** pounds in 2007, and *** pounds in 2008 and then declined to *** pounds in 2009; apparent U.S. consumption was *** pounds in interim 2009 and *** pounds in interim 2010.[178] When asked how demand for purified CMC in the U.S. market has changed since 2005, Aqualon reported that demand ***, two importers reported an increase, seven reported fluctuating demand, and four reported

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[170] See, e.g., Original Views at 23-24.

[171] See, e.g., Original Views at 24-25.

[172] See, e.g., Original Views at 25-26.

[173] See, e.g., CR at II-9; PR at II-5.

[174] U.S. shipments for food applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Tables I-1, I-12, and IV-2).

[175] U.S. shipments for paper & board applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Tables I-1, I-12, and IV-2).

[176] U.S. shipments for personal-care applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Tables I-1, I-12, and IV-2).

[177] See, e.g., CR at II-10; PR at II-5; CR/PR at Figure II-2. U.S. shipments for oilfield applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Tables I-1, I-12, and IV-2).

[178] See, e.g., CR/PR at Table I-1.

unchanged demand.[179] When asked about projected demand for purified CMC, Aqualon anticipated an increase in demand and reported that it is working on CMC applications for new markets that it hopes will add some additional demand in the reasonably foreseeable future.[180] Of the 13 responding importers, 7 reported expecting changes and 6 reported no expected changes.[181]

Supply conditions: During the review period, the U.S. market was supplied by domestic producer Aqualon as well as imports from subject and non-subject countries.[182] Aqualon commercially manufactured *** at its U.S. CMC production facility during the review period.[183] As was the case during the original investigations, Aqualon's production capacity was smaller than apparent U.S. consumption throughout the review period, with an overall market share of between *** and *** percent.[184] Aqualon is affiliated with two *** subsidiaries that produce purified CMC, ***.[185] In terms of global production capacity in 2009, Aqualon's U.S. facility accounted for approximately *** percent.[186]

Supply conditions with respect to imports from subject and non-subject countries have changed substantially since the original investigations. For example, as discussed earlier, CP Kelco Finland has become certified to produce regulated forms of purified CMC, including for food and pharmaceutical applications, CP Kelco Netherlands no longer exists in the wake of an explosion and fire at that facility in July 2009, and CP Kelco Sweden ceased production of subject merchandise and moved production equipment to its affiliate in China in 2007. As a share of global production capacity in 2009, CP Kelco Finland reportedly accounted for approximately *** percent, whereas its affiliate in China accounted for *** percent.[187] Although CP Kelco Finland and Amtex produced both technical-grade CMC and purified CMC, they did not shift their production between the products during the review period, whereas Dutch

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[179] See, e.g., CR at II-10; PR at II-5. Firms reporting fluctuations frequently referred to volatility in oilfield applications or the worldwide economic downturn. Of 24 responding purchasers, 5 reported an increase in demand, 4 reported a decrease, 10 reported no change, and 5 reported demand had fluctuated. Two purchasers reporting an increase in demand stated that the purified CMC typically grows at a 3 to 5 percent annual rate. One purchaser reporting demand fluctuations reported an impact on its sales by oil rig activity. Another reporting fluctuating demand reported that demand is influenced by general economic conditions. See, e.g., CR at II-11 to II-12; PR at II-6 to II-7.

[180] See, e.g., CR at II-12; PR at II-7. For the period 2009 to 2014, the *** projects demand to ***. See, e.g., Akzo's Posthearing Br. at Exh. E.

[181] Those expecting changed demand reported that growth would depend on factors such as growth of the U.S. economy and the level of oilfield activity. Of the 24 responding purchasers, 5 reported demand was likely to increase, 5 reported a likely decrease, 5 reported likely demand fluctuations, and 9 anticipated unchanged demand. Two purchasers expecting increased demand projected a growth rate of 3 to 5 percent annually. One purchaser anticipating decreased demand reported customers are likely to switch to substitutes because of higher CMC prices. Some purchasers expecting demand fluctuations pointed to variability in oilfield activities and general economic conditions. See, e.g., CR at II-12 to II-13; PR at II-7.

[182] See, e.g., CR/PR at Table I-1.

[183] See, e.g., CR at III-1; PR at III-1.

[184] See, e.g., CR/PR at Tables I-1, III-1.

[185] See, e.g., CR at III-1; PR at III-1.

[186] See, e.g., CR/PR at Table IV-17.

[187] See, e.g., CR/PR at Table IV-17.

producer Akzo shifted its production among purified CMC, technical-grade CMC, and cross-linked CMC.[188]

Non-subject imports of purified CMC from China, France, *** accounted for between *** and *** percent of apparent U.S. consumption, compared to a range of between *** and *** percent during the original investigations.[189] Non-subject imports from China and France accounted for most of this growth.[190] The parties in these reviews disagreed about the number of producers in China and the extent to which they were capable of producing purified CMC of a purity acceptable in the U.S. market.[191] The record does, however, clearly indicate that there are numerous producers in China, they collectively possess substantial capacity, and they exported substantial quantities during the review period.[192] In non-subject country France, Aqualon's affiliate reportedly accounts for *** pounds.[193]

Substitutability and Other Conditions of Competition: A majority of questionnaire respondents reported that U.S.-produced products and imports from each of the subject countries of the same grade can always or frequently be used interchangeably for similar applications.[194] As we found in section IV above, the record indicates fairly high substitutability among the domestic like product and subject imports from Finland and the Netherlands, and a somewhat lesser degree of substitutability with subject imports from Mexico to the extent that these imports are ***.[195]

Amtex and Akzo argued that consumers of purified CMC have begun substituting other products for purified CMC since imposition of the orders, such as guar in food applications, non-subject technical

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[188] See, e.g., CR/PR at Table IV-15.

[189] See, e.g., CR at IV-3; PR at IV-2; CR/PR at Table I-1.

[190] Non-subject imports from China progressively increased their market share from *** percent in 2002 to *** percent in 2008 and had a share of *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. Non-subject imports from France increased irregularly from *** percent in 2002 to *** percent in 2008 and were *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Table C-1, and Table I-1.

[191] Apparently, in China CMC need only have a purity of 95 percent or higher to qualify for regulated applications. See, e.g., CR at IV-50; PR at IV-13 to IV-14.

[192] See, e.g., CR/PR at Table IV-17; CR at IV-49 to IV-51; PR at IV-13 to IV-14.

[193] See, e.g., CR at IV-52; PR at IV-14.

[194] See, e.g., CR at II-17; PR at II-10; CR/PR at Table II-5. On the other hand, domestic producer Aqualon reported that non-price factors are *** a consideration when comparing sales of subject merchandise with one another or with the domestic industry whereas a majority of importers and purchasers reported that factors other than price are "always" or "frequently" a factor in such comparisons. See, e.g., CR at II-19; PR at II-12; CR/PR at Table II-6. For non-price factors, purchasers were asked whether the domestic like product is superior, comparable, or inferior to subject imports and were asked to compare imports from the subject countries against one another, but their comments focused on comparisons between the domestic product and imports from individual subject countries. Five purchasers compared the U.S.-produced product with imports from Finland for some or all of the listed characteristics. A majority of purchasers ranked the U.S.-produced product superior in delivery time and price. In all other characteristics, neither country was ranked either superior or inferior by a majority of purchasers. In the comparisons between the United States and Mexico, the products were ranked comparable in most characteristics, with neither country ranked superior or inferior by a majority of purchasers in any characteristic. In the comparison between the United States and the Netherlands, a majority of purchasers ranked the United States superior in delivery time. Neither the United States nor the Netherlands showed any clear-cut advantage in other characteristics. None of the purchasers compared product from the United States and Sweden. See, e.g., CR at II-21; PR at II-14; CR/PR at Table II-7.

[195] See, e.g., CR at II-24 n.16; PR at II-16 n.16; CR/PR at Table IV-2.

CMC and compounds for purified CMC in oil and paper applications, and xanthan gum in new toothpaste formulations, as well as guar gum, carboxymethyl-starch, modified starches, and compounds.[196] As Aqualon explained, however, its own imports of guar do not substitute for purified CMC but are instead used in a fracturing product that is separate and distinct from the oilfield drilling mud applications in which purified CMC is used; moreover, it argued, other alleged "substitutes" are used in combination with purified CMC to yield synergies needed for certain end-use applications.[197] The overall record indicates that little has changed since the original investigations with respect to substitute products, and there are only limited possible substitutes for purified CMC and only for a limited number of the applications for which purified CMC is used.[198]

C. Revocation of the Antidumping Duty Orders on Subject Imports from Finland and the Netherlands Is Likely to Lead to Continuation or Recurrence of Material Injury to the Domestic Industry within a Reasonably Foreseeable Time[199] [200]

1. Likely Volume of Cumulated Subject Imports from Finland and the Netherlands

a. The Original Investigations

In its original determinations, the Commission found that the volume of cumulated subject imports from Finland, Mexico, the Netherlands, and Sweden increased significantly on an absolute basis by more than *** percent between 2002 and 2004.[201] Although cumulated subject imports in market-share terms and relative to domestic production fell during the original investigations, the Commission found that the volume of cumulated subject imports from Finland, Mexico, the Netherlands, and Sweden and the absolute increase in that volume were significant.[202] With nearly half of the U.S. market even at their lowest point in 2004, the Commission found that cumulated subject imports from Finland, Mexico, the Netherlands, and Sweden retained a substantial share of the market that permitted them to have a

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[196] On the other hand, while Akzo asserts that food producers may consider substituting other thickeners for purified CMC for new processed products, it doubts that they would substitute other thickeners for existing food products for which they would need to change the ingredient label. See, e.g., Amtex's Prehearing Br. at 7-8; Akzo's Posthearing Br. at Exh. A at 1, 6-7, Exh. B, Exh. C.

[197] See, e.g., Hearing Tr. at 55, 56 (Pappas), 71 (Lane); Aqualon's Posthearing Br. at 11-12, Answers to Questions at 33-34, 35-36.

[198] See, e.g., CR at II-13 to II-14; PR at II-7 to II-8.

[199] While Commissioner Lane finds that revocation of the antidumping duty orders on Finland and the Netherlands is likely to lead to continuation or recurrence of material injury to the domestic industry, she makes the same finding with respect to Mexico and bases her decision on cumulation of subject imports from all three countries. See her Additional and Dissenting Views.

[200] Commissioner Pearson does not join this section of the opinion.

[201] The volume of cumulated subject imports increased from *** million pounds in 2002 to *** million pounds in 2003 and *** million pounds in 2004. See, e.g., Original Views at 26.

[202] Cumulated subject imports' market share fell from *** percent in 2002 to *** percent in 2003 and *** percent in 2004. See, e.g., Original Views at 26-27.

significant adverse impact on domestic prices.[203] After losing significant market share to cumulated subject imports in 2002, the Commission found that the domestic industry sought to regain that lost market share in 2003 and 2004 by competing more aggressively on price at the expense of profitability.[204]

b. The Current Reviews

Several factors support our conclusion that the volume of cumulated subject imports from Finland and the Netherlands is likely to be significant in the event the antidumping duty orders on these imports are revoked.

First, the cumulated volume of subject imports from Finland and the Netherlands was significant in the original investigations, both absolutely and relative to apparent U.S. consumption and production.[205] After imposition of the antidumping duty orders, the cumulated volume of subject imports from Finland and the Netherlands into the U.S. market plummeted, but these imports collectively still maintained a meaningful presence in the U.S. market during the review period, even after the fire and explosion at one of the two subject producers' facilities in the Netherlands in July 2009.[206] Furthermore, CP Kelco Finland and Akzo also aggressively pursued and recently took at least some portion of accounts previously served by CP Kelco Netherlands.[207]

Second, there is significant collective production capacity in Finland and the Netherlands to manufacture purified CMC, even after the closure of CP Kelco's facility in the Netherlands.[208] As discussed above, however, even these data appear to substantially understate production capacity in Finland, to the extent that they are inconsistent with other record data concerning CP Kelco Finland's production capacity. In addition, Dutch producer Akzo has the ability to shift from the manufacture of non-subject cross-linked CMC and technical-grade CMC to the manufacture of the subject purified CMC, a practice that it engaged in during the review period.[209]

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[203] See, e.g., Original Views at 27.

[204] See, e.g., Original Views at 27.

[205] Specifically, cumulated subject imports from Finland and the Netherlands were *** pounds in 2002, *** pounds in 2003, and *** pounds in 2004. In terms of apparent U.S. consumption, cumulated subject imports were *** percent in 2002, *** percent in 2003, and *** percent in 2004. See, e.g., CR/PR at Tables I-1, I-12.

[206] Cumulated subject imports from Finland and the Netherlands were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in interim 2009, and *** pounds in interim 2010. In terms of apparent U.S. consumption, cumulated subject imports were *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Table I-12, I-13, C-1. In addition, there were U.S. inventories of purified CMC imported from Finland and the Netherlands throughout the review period, and importers reported ***. See, e.g., CR/PR at Table IV-4; CR at IV-14; PR at IV-5.

[207] See, e.g., Aqualon's Prehearing Br. at 9-10; Hearing Tr. at 32-33 (Gruber), 143-44 (Raatjes); Akzo's Final Comments at 7.

[208] Subject producers in Finland and the Netherlands reported combined purified CMC capacity of *** million pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in interim 2009, and *** pounds in interim 2010. (Derived from CR/PR at Tables IV-5, IV-6, IV-9, IV-10). Collectively, CP Kelco Finland and Dutch producer Akzo reported purified CMC capacity of *** million pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in interim 2009, and *** pounds in interim 2010. (Derived from CR/PR at Tables IV-5, IV-6, IV-9, IV-10).

[209] See, e.g., CR at IV-28, IV-30; PR at IV-10; CR/PR at Table IV-15.

Third, at the end of the review period, subject producers in Finland and the Netherlands reported operating at significantly lower capacity-utilization levels than earlier in the review period, even after factoring in the closure of the CP Kelco Netherlands facility.[210] Thus, relative to demand in the U.S. market and the domestic industry's purified CMC production level during the review period, there is substantial collective unused capacity to produce purified CMC in Finland and the Netherlands, given the large size of their collective production operations. Again, these data appear to significantly understate the available capacity to the extent that they do not take into consideration the concerns raised about CP Kelco Finland's reported capacity and do not account for Dutch producer Akzo's ability to shift from the production of non-subject to subject merchandise.

Fourth, subject producers in Finland and the Netherlands are highly export-oriented, with a relatively low proportion of their sales directed at home market customers. CP Kelco Finland has increased its overall export orientation since the original investigations, and it continued to ship a meaningful share of its exports to the United States, even after imposition of the antidumping duty order.[211] [212] Subject producers in the Netherlands were also highly export-oriented during the original investigations and review period.[213] Even examining Dutch producer Akzo in isolation reveals that during the original investigations and reviews, exports constituted a large share of Akzo's total shipments, and exports to the United States continued to account for a meaningful share of its shipments even after imposition of the orders.[214] [215]

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[210] Subject producers in Finland and the Netherlands reported a collective capacity utilization of *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. Collectively, CP Kelco Finland and Dutch producer Akzo reported a capacity utilization of *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim. (Derived from CR/PR at Tables IV-5, IV-6, IV-9, IV-10).

[211] During the original investigations, Noviant OY's exports as a share of its total shipments increased from *** percent in 2002 to *** percent in 2003 and *** percent in 2004. During the review period, exports constituted a larger and generally growing share of CP Kelco Finland's total shipments, accounting for *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. U.S. exports accounted for *** percent of the firm's total shipments in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010 in those years. See, e.g., CR/PR at Tables IV-5, IV-6. The company reported ***. See, e.g., CR at IV-15; PR at IV-6.

[212] In concluding that CP Kelco Finland is export-oriented, Commissioner Shara L. Aranoff has considered the total percentage of CP Kelco's shipments that were exported in each year of the period examined, but placed particular weight on the fact that CP Kelco shipped a substantial share of its exports to markets outside the European Union ("EU"). CP Kelco Finland's extra-EU exports (total exports not including shipments to the EU as a share of total shipments) were: *** percent in 2005; *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Table IV-6).

[213] As a share of their total shipments, subject producers in the Netherlands exported *** percent in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. U.S. exports accounted for *** percent of the firms' collective total shipments in 2002, *** percent in 2003, *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010 in those years. See, e.g., CR/PR at Table IV-9, and Table IV-10.

[214] Exports accounted for *** of Akzo's shipments during the original investigations and review period (*** percent of all shipments in 2002, *** percent in 2003, and *** percent in 2004, *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent

(continued...)

Fifth, record data indicate that subject producers in Finland and the Netherlands are likely collectively to supply the full range of applications in the U.S. market in the event the antidumping duty orders were to be revoked. Since the original investigations, CP Kelco Finland has become certified to produce regulated grades of purified CMC,[216] and during the review period, products manufactured in Finland were sold in the U.S. market for ***.[217] During the review period, products manufactured in the Netherlands (including products manufactured by Akzo) were sold in the U.S. market and globally for ***.[218] The fact that subject producers from Finland and the Netherlands had a smaller presence in the U.S. market than during the original investigations and may not have sold purified CMC for all end-use applications during the review period does not mean that they would not be likely to sell purified CMC for a wider variety of applications if the antidumping duty orders were revoked. Subject producers in Finland and the Netherlands *** in other markets during the review period.[219] As we found earlier, we do not accept Akzo's claims that it is likely to focus only on higher-priced so-called niche P+ applications if the antidumping duty order were revoked.[220] Moreover, even Akzo argues that CP Kelco Finland will have an incentive to switch its sales of purified CMC from Western Europe to other markets given declines in demand for purified CMC for paper-coating applications there.[221]

Sixth, the U.S. market is attractive to subject producers in Finland and the Netherlands, as reflected by the fact that they maintained a presence in the U.S. market even after imposition of the antidumping duty orders. Furthermore, the U.S. market is relatively large compared to the global market, accounting for a sizeable portion of global demand for each of the major end-use applications for purified

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[214] (...continued)
in interim 2010). During the original investigations, an increasing share of Akzo's total shipments were directed to the United States (*** percent in 2002, *** percent in 2003, and *** percent in 2004). During the review period, Akzo's exports to the United States accounted for *** percent of its total shipments in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010). See, e.g., CR/PR at Tables IV-9, IV-10. In addition to the United States, Akzo reported exporting purified CMC to ***. Since 2005, the company reported developing or increasing sales ***. See, e.g., CR at IV-28 to IV-29; PR at IV-9 to IV-10.

[215] In concluding that Akzo is export-oriented, Commissioner Aranoff has considered the total percentage of Akzo's shipments that were exported in each year of the period examined, but placed particular weight on the fact that Akzo shipped a substantial share of its exports to markets outside the EU. Akzo's extra-EU exports were: *** percent in 2005; *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Table IV-10).

[216] See, e.g., Aqualon's Prehearing Br. at 17, 20, 26; Hearing Tr. at 29 (Panichella), 47-48 (Klett); Aqualon's Posthearing Br. at 7, Answers to Questions at 2.

[217] See, e.g., CR/PR at Table IV-2.

[218] See, e.g., CR/PR at Table IV-2, Table IV-16. During the review period, Akzo sold ***. See, e.g., Akzo's foreign producer questionnaire response to Question II-9; Akzo's importer questionnaire response to Question III-9; CR/PR at Table IV-16.

[219] See, e.g., Akzo's foreign producer questionnaire response to Question II-9; CP Kelco Netherlands' foreign producer questionnaire response to Question II-9; CR/PR at Table IV-16.

[220] For example, in interim 2010, ***. See, e.g., Akzo's foreign producer questionnaire response to Question II-9; CR/PR at Table IV-16.

[221] See, e.g., Hearing Tr. at 216 (Raatjes); Akzo's Posthearing Br. at Exh. A at 7.

CMC.[222] Although we exercise caution when using average-unit-value data in recognition of the possible effect of product-mix differences, we note that the average-unit value for ***.[223] Thus, the United States is an attractive market to CP Kelco Finland. Additionally, the U.S. market also was relatively attractive to Akzo, given that ***.[224]

Collectively, these data indicate that subject producers in Finland and the Netherlands remain interested in serving the U.S. market and are capable of doing so.[225] Accordingly, based on the demonstrated ability of subject producers in Finland and the Netherlands to increase exports to the U.S. market, their continued significant presence in the U.S. market even after imposition of the antidumping duty orders, the substantial combined production capacity and significant available cumulative capacity of subject producers in Finland and the Netherlands, their high degree of export orientation and lack of significant home market sales, their ability to serve the full range of purified CMC product applications in the U.S. market, and the likely attractiveness of the U.S. market, we find that the volume of cumulated subject imports from Finland and the Netherlands, in absolute terms and relative to both U.S. production and consumption, likely would be significant in the event that the antidumping duty orders on these imports were revoked.

2. Likely Price Effects of Cumulated Subject Imports of Purified CMC from Finland and the Netherlands

a. The Original Investigations

In its original determinations, the Commission found a moderate to high degree of substitutability among the domestic like product and subject imports from all four subject countries and that price was a significant factor in purchasing decisions.[226] Based on pricing data collected for six products that represented a substantial percentage of domestic and subject sales of purified CMC during the original investigations,[227] cumulative subject imports from Finland, Mexico, the Netherlands, and Sweden undersold the domestic like product in nearly 60 percent of possible pricing comparisons, with *** percent of the total sales volumes reported by subject importers involving underselling.[228] Purchaser pricing data showed similar underselling trends.[229] On this basis, the Commission found significant underselling by cumulated subject imports.[230]

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[222] See, e.g., CR/PR at Table IV-18 (showing that the U.S. market's share of global purified CMC demand was *** percent for food applications, *** percent for personal-care applications, *** percent for oilfield applications, *** percent for paper applications, and *** percent for other applications).

[223] See, e.g., CR/PR at Tables IV-6, IV-10.

[224] See, e.g., CR/PR at Tables IV-6, IV-10.

[225] The record also contains evidence that importers and purchasers would be receptive to purchasing increased volumes of subject imports after revocation. See, e.g., CR/PR at Appendix D.

[226] See, e.g., Original Views at 23-24, 28.

[227] The Commission rejected Noviant's assertion that the pricing products were defined too broadly, because Noviant failed to raise this argument earlier despite extensive discussions among the parties and Commission staff about the draft questionnaires used for the final investigations. See, e.g., Original Views at 31-32.

[228] See, e.g., Original Views at 28-29.

[229] See, e.g., Original Views at 29.

[230] See, e.g., Original Views at 28-29.

The Commission also found that cumulated subject imports from Finland, Mexico, the Netherlands, and Sweden depressed prices of the domestic like product to a significant degree, with domestic sales prices for the six comparison products each declining significantly between 2002 and 2004 despite strong demand growth.[231] It found a correlation between the continuing and significant underselling by cumulated subject imports and the decline in domestic prices and concluded the pricing data and evidence concerning lost sales and lost revenues were consistent with Aqualon's assertion that it made a strategic decision to lower its prices substantially after 2002 in order to regain market share lost to cumulated subject imports from Finland, Mexico, the Netherlands, and Sweden.[232] The Commission rejected Noviant's argument that low-priced imports from non-subject sources, particularly China, explained the domestic industry's price declines. Given that non-subject imports from China and France had higher average-unit values than subject imports and occupied a much smaller though increasing share of the market, the Commission did not find that non-subject imports caused substantial domestic price declines in 2003 and 2004. It also rejected Noviant's assertion that declining prices for substitute products caused declines in the domestic industry's purified CMC prices. It found only limited possible substitutes and that these substitutes could only be used in a limited number of purified CMC's end uses. It also found no strong correlation between purified CMC prices and substitute product prices.[233]

b. The Current Reviews

Similar to the original investigations, the record indicates a high degree of interchangeability among the domestic like product and subject imports from Finland and the Netherlands[234] and that price is an important factor in this industry.[235] In these reviews, the Commission collected quarterly pricing data on six purified CMC products for the period January 2005 through September 2010.[236] The pricing data reported by Aqualon accounted for *** percent of its U.S. shipments during the review period, by quantity.[237] Pricing data reported by importers accounted for *** percent of U.S. shipments of subject imports from Finland and *** percent of U.S. shipments of imports from the Netherlands.[238] Cumulated subject imports from Finland and the Netherlands undersold the domestic like product by significant margins throughout the review period.[239] Akzo argues that its products were priced higher and rarely undersold the domestic industry during the review period because Akzo changed its business strategy in favor of selling lower volumes to so-called niche P+ markets rather than larger volumes at lower prices as

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[231] See, e.g., Original Views at 29-30.

[232] See, e.g., Original Views at 30-31, 33-34.

[233] See, e.g., Original Views at 25-26, 33.

[234] See, e.g., CR/PR at Tables II-5, II-6, II-8; II-17 to II-21.

[235] See, e.g., CR/PR at Tables II-3, II-4.

[236] Three of these are for food or personal-care applications, two are for paper applications, and one is for oilfield applications. See, e.g., CR at V-5; PR at V-3. These are the same pricing products as those used in the original investigations; no party to these reviews asked for any revisions. See, e.g., CR at V-4 n.5; PR at V-3 n.5.

[237] See, e.g., CR at V-5; PR at V-3.

[238] See, e.g., CR at V-5 to V-6; PR at V-3.

[239] Subject imports from Finland undersold the domestic like product in 49 of 60 instances at margins that ranged from 0.6 to 33.5 percent and subject imports from the Netherlands undersold the domestic like product in 14 of 85 instances at margins that ranged from 0.3 to 26.3 percent. See, e.g., CR/PR at Tables V-1 to V-8. If only the data for the remaining Dutch producer Akzo are considered, these imports undersold the domestic like product in 18 of 84 instances at margins that ranged from 0.3 to 26.3 percent. See, e.g., CR/PR at Tables V-1 to V-8.

it had during the original investigations.[240] The record does not support Akzo's claim regarding the likely future focus of its U.S. sales, and even if it did, these assertions show that the antidumping duty order had some price-disciplining effects and was a reason for Akzo to change its business strategy. As discussed above, we do not accept Akzo's claims that it is likely to focus only on higher-priced niche products if the antidumping duty order is revoked, as it has both the ability and incentive to ship purified CMC for a wide variety of applications, including the lower value ones.

During the review period, prices for the domestic like product for all six pricing products increased overall, despite frequent quarterly fluctuations.[241] Subject import prices also generally increased during the review period.[242]

During the original investigations, the Commission found that Aqualon had to cut prices in order to regain market share it lost to low-priced subject imports, as discussed above. At that time, Aqualon did not face a cost-price squeeze, because as indicated by the ratio of its cost of goods sold ("COGS") to net sales, Aqualon was able to sell at prices that covered these costs.[243] During the review period, Aqualon faced *** higher raw material costs for ***.[244] Although raw material costs account for a large share of the cost to produce purified CMC, Aqualon was able to raise its prices as its costs increased during the review period, as indicated by its favorable COGS-to-net-sales ratio.[245] Should the antidumping duty orders be revoked, we find that the likely increased volumes of subject imports from Finland and the Netherlands again will be offered at reduced prices. In view of our finding that the volume of cumulated subject imports from Finland and the Netherlands would likely increase significantly after revocation and in light of the high degree of interchangeability among the domestic like product and subject imports from Finland and the Netherlands, the importance of price in this industry, and the underselling by subject imports from Finland and the Netherlands even after antidumping duty orders were imposed, we find that absent the discipline of the orders, Aqualon once again will need to cut prices to match subject import price competition to make sales as it did in the original investigations. Consequently, we find that upon revocation of the orders, subject imports from Finland and the Netherlands are likely to enter the United States at prices that would likely undersell the domestic like product and that would likely have significant suppressing or depressing effects on prices of the domestic like product.

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[240] See, e.g., Hearing Tr. at 20-21 (West), 140-41 (Grootnibbelink), 141-47 (Raatjes), 150-54 (Manning), 170-72 (West), 201-03 (West), 218-19 (Manning); Akzo's Final Comments at 7.

[241] See, e.g., CR at V-6; PR at V-4.

[242] Prices of subject imports from Finland for products 4 and 5 increased overall during the review period, although meaningful trends were not noticeable for *** imported from Finland because these products were only imported in ***. See, e.g., CR at V-6; PR at V-4; CR/PR at Tables V-1 to V-6. Prices of products 1, 2, 3, and 6 from the Netherlands all increased during quarters where sales were reported, whereas the price of product 5 from the Netherlands decreased. See, e.g., CR at V-6; PR at V-4; CR/PR at Tables V-1 to V-6. Most of the reported pricing data for the Netherlands corresponded to imports manufactured by Dutch producer Akzo. See, e.g., CR at V-6 n.7; PR at V-6 n.7; CR/PR at Appendix E.

[243] See, e.g., CR/PR at Table I-1.

[244] See, e.g., CR at V-1; PR at V-1.

[245] See, e.g., CR at V-1; PR at V-1; CR/PR at Table C-1.

3. Likely Impact of Cumulated Subject Imports of Purified CMC from Finland and the Netherlands[246]

a. The Original Investigations

In the original investigations, the Commission found considerable improvement in the domestic industry's volume-related performance factors (i.e., production, capacity utilization, U.S. shipments, net sales, and market share) due to the significant increase in demand between 2002 and 2004 as well as the industry's strategic decision to lower its prices in 2003 and 2004 to regain the substantial market share that it lost to subject imports in 2002.[247] Nevertheless, it found that substantial price competition from subject imports led to declines in the domestic industry's gross and net operating income and margins, employment, and hours worked.[248] It concluded that the pricing and profitability declines far outweighed the volume-related improvements in the domestic industry's condition.[249]

The Commission rejected Noviant's assertion that the decline in the domestic industry's performance during the original investigations was due to Aqualon's inability to supply its customers with timely, adequate, or quality materials.[250] It acknowledged some evidence that Aqualon occasionally was unable to supply adequate quantities of purified CMC to certain customers during a period of rapidly increasing demand.[251] It found that declining sales volumes did not explain Aqualon's declining condition during the original investigations but that declining prices due to unfairly traded subject imports did explain why Aqualon's prices and profitability levels declined so precipitously in 2003 and remained low in 2004.[252]

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[246] Commerce conducted expedited five-year reviews of the antidumping duty orders on purified CMC from Finland and the Netherlands and found likely antidumping duty margins of 6.65 percent with respect to subject imports from Finland, 13.39 percent with respect to Dutch producer Akzo, 14.88 percent with respect to Noviant/CP Kelco Netherlands, and 14.57 percent with respect to all other Dutch producers. See, e.g., CR/PR at Table I-6. Commerce has not issued any duty absorption findings with respect to purified CMC from Finland or the Netherlands.

[247] See, e.g., Original Views at 34-35.

[248] See, e.g., Original Views at 35-37. For example, operating income levels fell by *** percent between 2002 and 2004 from $*** million in 2002 to a loss of $*** million in 2004. See, e.g., Original Views at 36.

[249] See, e.g., Original Views at 34-37.

[250] See, e.g., Original Views at 37-38.

[251] See, e.g., Original Views at 37-38.

[252] See, e.g., Original Views at 38.

b. The Current Reviews[253]

Many of the domestic industry's performance factors improved after the antidumping duty orders were imposed, including capacity,[254] productivity,[255] and hourly wages,[256] although some of these factors declined towards the end of the review period, such as production,[257] capacity utilization,[258] U.S. shipments,[259] net sales,[260] and net sales values.[261] Domestic industry employment and hours worked were

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[253] The Commission did not rely on Aqualon's pro-forma analysis in these reviews, see, e.g., Aqualon's Prehearing Br. at 30-32, Attachment 8; Hearing Tr. at 15-16 (Lebow), 28 (Panichella), 43-44 (Klett); Aqualon's Posthearing Br. at 1-2, Response to Questions at 7-8, 12-13, 23-27, Attachment 2, for a number of reasons, including the following. First, use of conditions in 2002-05 to predict the effects of order revocation ignores changes in the conditions of competition since the original investigations. Moreover, Aqualon's analysis focuses on only certain of the many statutory factors the Commission must consider.

Pro-forma scenario 1 makes the overly simplistic assumption that, to maintain its U.S. shipment volume, Aqualon would have to lower its prices by the same amount as in 2002-04. From 2002-04, Aqualon's U.S. shipment volume increased, suggesting that a smaller decrease in average-unit values might be necessary to maintain Aqualon's interim shipment volume. Indeed, the assumption that Aqualon lowered its prices between 2002-04 to maintain its U.S. shipment volume is contradicted by the Commission's original opinion, which found that Aqualon lowered its prices to regain market share.

In pro-forma scenario 2, we find several calculation errors. The COGS other than raw materials and direct labor (i.e., "other factory costs") do not match the financial data in Aqualon's U.S. producer questionnaire response. Further, variable costs appear to be calculated from U.S. sales volume instead of total sales volume. In addition, the methodologies to determine price and volume effects appear inconsistent. The price effect is calculated as an actual numeric change in per-unit sales values and is based only on the first year after the imposition of the orders, while the volume effect is based on the percentage change of subject imports' market share and is based on the entire time frame that the orders have been in place.

[254] Domestic production capacity was *** pounds between 2005 and 2009 and *** pounds in interim 2009 and interim 2010. See, e.g., CR/PR at Table III-1.

[255] The domestic industry's productivity increased from *** hours per pound in 2005 to *** hours per pound in 2008 but fell to *** hours per pound in 2009 and was *** hours per pound in interim 2009, and *** hours per pound in interim 2010. See, e.g., CR/PR at Table III-5.

[256] Hourly wages rose from $*** in 2005 to $*** in 2006, $*** in 2007, $*** in 2008, $*** in 2009, $*** in interim 2009, and $*** in interim 2010. See, e.g., CR/PR at Table III-5.

[257] The domestic industry's production rose from *** pounds in 2005 to *** pounds in 2006 and *** pounds in 2007 and fell to *** pounds in 2008 and *** pounds in 2009; production was *** pounds in interim 2009, and *** pounds in interim 2010. See, e.g., CR/PR at Table III-1.

[258] The domestic industry's capacity utilization rose irregularly from *** percent in 2005 to *** percent in 2006, *** percent in 2007, and *** percent in 2008 and then fell to *** percent in 2009; its capacity utilization was *** percent in interim 2009 and *** percent in interim 2010. See, e.g., CR/PR at Table III-1.

[259] The domestic industry's U.S. shipments increased from *** pounds in 2005 to *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in interim 2009, and *** pounds in interim 2010. See, e.g., CR/PR at Tables C-1 and I-1.

[260] The domestic industry's net sales, by quantity, increased from *** pounds in 2005 to *** pounds in 2006, *** pounds in 2007, and *** pounds in 2008, but were *** pounds in 2009, *** pounds in interim 2009, and *** pounds in interim 2010. See, e.g., CR/PR at Tables I-1 and C-1.

[261] The domestic industry's net sales value was $*** in 2005, $*** in 2006, $*** in 2007, $*** in 2008, $*** in 2009, $*** in interim 2009, and $*** in interim 2010. See, e.g., CR/PR at Tables I-1 and C-1.

generally stable during the review period.[262] In contrast, the domestic industry's share of apparent U.S. consumption, by quantity, declined irregularly over the review period.[263]

The domestic industry's financial performance improved after imposition of the antidumping duty orders. During the review period, its operating income and operating income ratio improved irregularly.[264] Aqualon reported being able to make ongoing *** during the review period.[265]

Based on these data, we do not find the domestic industry to be vulnerable, although we acknowledge that some of the domestic industry's performance indicia declined at the end of the review period. On the other hand, we find that some of the recent apparent improvements in the domestic industry's performance indicia are not indicative of likely long-term trends. Specifically, the domestic industry's product mix changed towards the end of the review period. In 2009 and interim 2009, a much larger portion of the domestic industry's sales were for higher-value applications such as food and personal-care products and a much smaller portion were for lower-value applications such as oilfield applications that normally accounted for a larger share of the domestic industry's U.S. shipments.[266] These changes in the domestic industry's product mix are consistent with changes in demand conditions

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[262] The domestic industry employed *** workers in 2005, *** workers in 2006 through 2008, and *** workers in 2009, interim 2009, and interim 2010. The domestic industry reported *** hours worked in 2005, *** hours worked in 2006 through 2008, *** hours worked in 2009, and *** hours worked in interim 2009 and interim 2010. See, e.g., CR/PR at Tables I-1 and C-1.

[263] The domestic industry's market share declined irregularly from *** percent in 2005 to *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Tables I-1 and C-1.

[264] The domestic industry's operating income improved from $*** in 2005 to $*** in 2006, $*** in 2007, $*** in 2008, $*** in 2009, $*** in interim 2009, and $*** in interim 2010. The domestic industry's operating income ratio improved irregularly from *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Tables I-1 and C-1.

[265] The domestic industry's capital expenditures *** from $*** in 2005 to $*** in 2006, $*** in 2007, $*** in 2008, $*** in 2009, $*** in interim 2009, and $*** in interim 2010. See, e.g., CR/PR at Table III-8; CR at III-13; PR at III-6. Its R&D expenses were $*** in 2005, $*** in 2006, $*** in 2007, $*** in 2008, $*** in 2009, $*** in interim 2009, and $*** in interim 2010. See, e.g., CR/PR at Table III-8; CR at III-13; PR at III-6.

Aqualon reported that the antidumping duty orders led to higher prices in the U.S. market that enabled the company to make profits that were used in the last five years to develop entirely new products, to conduct research and development on ways to make purified CMC dissolve more quickly and evenly, to hire an engineer to optimize the plant's milling systems and process technology, to provide formulation, product development, and application support to its customers, improve its customer service, and to make ongoing capital investments in a dryer automation upgrade project and a diverter system to increase the company's ability to supply a variety of purified CMC particle sizes to its customers. See, e.g., Aqualon's Prehearing Br. at 34-35; Hearing Tr. at 23-24 (Panichella), 35-37 (Gruber), 72-74 (Wolff, Gruber, Panichella); Aqualon's Posthearing Br. at Answers to Questions at 20-21.

[266] The portion of the domestic industry's U.S. shipments destined for food applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. The portion of the domestic industry's U.S. shipments destined for personal-care applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. The portion of the domestic industry's U.S. shipments destined for paper & board applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. The portion of the domestic industry's U.S. shipments destined for oilfield applications was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Table I-1, Table I-12, and Table IV-2).

at that time; demand for purified CMC in oilfield applications was relatively large at the beginning of the review period but dropped precipitously towards the end of the review period, consistent with trends in oil rig counts and the severe downturn in macroeconomic conditions.[267] Despite the downturn in demand for purified CMC used in oilfields applications and consequently lower domestic industry shipments for these applications in 2009 and interim 2009, the domestic industry was able to remain profitable because the sales it did make were for higher-value regulated applications.[268] Although the domestic industry faces price competition for oilfield applications from both subject and non-subject imports, primarily from China, its primary competition for sales for regulated applications is from subject imports from Finland and the Netherlands.[269]

As discussed above, we found that revocation of the antidumping duty orders on purified CMC from Finland and the Netherlands would likely result in a significant increase in cumulated subject import volume that would likely undersell the domestic like product at significant margins, thereby depressing and suppressing domestic like product prices to a significant degree. We find that the likely volume and price effects of cumulated subject imports from Finland and the Netherlands would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry, particularly to the extent that the domestic industry is likely to face low-priced subject imports from Finland and the Netherlands in all major end-use applications, including the lower-value oilfield applications. These reductions would have a direct adverse impact on the industry's profitability and employment as well as its ability to raise capital and make and maintain necessary capital investments.

We have considered the likely role of non-subject imports in the U.S. market.[270] As previously discussed, non-subject imports, primarily from China and France, supplied a growing percentage of the U.S. market during the review period. Although the record is mixed on this issue, at least some of the CMC production facilities in China do not produce purified CMC and others may manufacture products that meet China's standards for regulated grades (95 percent purity) but not U.S. standards for regulated grades (99.5 percent purity).[271] Record data indicate that non-subject imports from China were sold

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[267] U.S. shipments for food applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. U.S. shipments for paper & board applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. U.S. shipments for personal-care applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Tables I-1, I-12, and IV-2). U.S. shipments for oilfield applications as a share of total apparent U.S. consumption was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. (Derived from CR/PR at Tables I-1, I-12, and IV-2); see also, e.g., CR at II-10; PR at II-5; CR/PR at Figure II-2.

[268] See, e.g., CR/PR at Table C-1.

[269] See, e.g., CR/PR at Table IV-2. As noted earlier, subject imports from Finland are now qualified to serve food applications in the U.S. market.

[270] We have also considered the likely role of purified CMC imports from Mexico and Sweden, but, as explained below, we do not find that these imports are likely to have significant adverse impacts on the domestic industry in the reasonably foreseeable future.

[271] See, e.g., Hearing Tr. at 83-86 (Panichella, Gruber).

during the review period ***.[272] Aqualon reported that its own imports from China are used in oil-field applications.[273] As for non-subject imports from France, Aqualon explained that the pendency of the orders permitted it to import certain coarse particle-size purified CMC products used in paper applications from its affiliate in France during the review period until it was able to install a diverter system that makes it economical to make those products in the United States, a practice in which it is now gradually engaging, as reflected in its higher U.S. capacity utilization and recent decreasing imports from France. Aqualon reported that its other imports from France are used in non-GMO food-grade applications, and (in very small amounts) for multinational pharmaceutical customers.[274] Aqualon explained that it imported non-GMO products from France because to make such products it would have to use only wood-pulp cellulose, since certified non-GMO cotton linter does not exist, and would need to follow a specialized manufacturing protocol. It asserted that demand for non-GMO purified CMC is too low to justify implementing the protocol, but if U.S. regulations changed or demand were larger, it could do so.[275]

We find that the presence of non-subject imports from China and France did not preclude imports of subject merchandise from Finland and the Netherlands from maintaining a significant share of the U.S. market during the original investigations or review period. Thus, in the event of revocation, we find the domestic industry would likely face price-based competition from subject imports from Finland and the Netherlands for sales to oilfield applications along with non-subject imports from China, as well as competition from cumulated subject imports from Finland and the Netherlands for other end-use applications. We find no indication in the record that competition from non-subject imports will prevent the subject imports from increasing their presence in the U.S. market or causing significant adverse effects on the domestic industry.

We therefore conclude that, if the antidumping duty orders were revoked, cumulated subject imports from Finland and the Netherlands would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

D. Revocation of the Antidumping Duty Order on Imports from Mexico Is Not Likely to Lead to Continuation or Recurrence of Material Injury[276]

1. Likely Volume of Subject Imports from Mexico

In analyzing the likely volume of subject imports from Mexico, we have taken into account the Commission's analysis of the volume of cumulated subject imports from Mexico, Finland, the

[272] See, e.g., CR/PR at Table IV-2. According to Aqualon, U.S. purchasers hesitate to buy purified CMC from China for regulated applications after the melamine crisis a few years ago, and it has not seen much competition from Chinese products in the U.S. market for non-oilfields applications. See, e.g., Hearing Tr. at 85 (Panichella), 110-111 (Klett, Lebow, Pappas).

[273] See, e.g., Hearing Tr. at 77-80 (Gruber, Panichella, Lebow, Pappas), 115 Panichella); Aqualon's Posthearing Br. at Answers to Questions at 35, Attachment 8.

[274] See, e.g., Hearing Tr. at 77-80 (Gruber, Panichella, Lebow, Pappas), 115 Panichella); Aqualon's Posthearing Br. at Answers to Questions at 35, Attachment 8.

[275] See, e.g., Aqualon's Posthearing Br. at 9, Answers to Questions at 14-15, 38.

[276] Commissioner Lane does not join this section of the opinion. See her Additional and Dissenting Views.

Netherlands, and Sweden in the original determinations, discussed above.[277] Several factors support our conclusion that the volume of subject imports from Mexico is not likely to be significant in the event the antidumping duty order on these imports is revoked.

First, the volume of subject imports from Mexico during the original investigations was relatively stable, and its share of the U.S. market was declining.[278] After imposition of the antidumping duty order, subject imports from Mexico stayed in the U.S. market but at relatively stable levels.[279] The record indicates that Amtex had a relatively discrete number of generally longstanding customers in the U.S. market that it supplied during the original investigations and review period, which helps to explain why its post-order behavior was more stable than other subject producers, as discussed below.[280]

Second, the sole subject producer in Mexico, Amtex, had *** purified CMC production capacity during the review period,[281] and its capacity in Mexico was not that large compared to the size of the U.S. market or the domestic industry's production operations.[282] Amtex reported that it is not in a position to invest in capacity expansions, and infrastructure restrictions would prevent any further expansions.[283]

Third, although Amtex had some unused capacity at the end of the review period, this was small relative to demand in the U.S. market and the domestic industry's production levels.[284] Aqualon

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[277] Commissioner Pearson has taken into consideration his analysis of the volume of imports from Mexico, the Netherlands, and Sweden in his original determinations.

[278] Specifically, the volume of subject imports from Mexico increased from *** pounds in 2002 to *** pounds in 2003 and decreased to *** pounds in 2004. As a share of apparent U.S. consumption, subject imports declined from *** percent in 2002 to *** percent in 2003 and *** percent in 2004. See, e.g., CR/PR at Table I-1. Amtex *** inventories of purified CMC in the United States, ***, since 2005. See, e.g., CR at IV-22; PR at IV-8.

[279] U.S. shipments of subject imports from Mexico were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, and *** pounds in 2009; U.S. shipments of subject imports from Mexico were *** pounds in interim 2009 and *** pounds in interim 2010. In terms of apparent U.S. consumption, subject imports from Mexico held market shares of: *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009 and *** percent in interim 2010. See, e.g., CR/PR at Table I-1, and Table I-12.

[280] See, e.g., CR/PR at Table I-1 (showing relatively stable U.S. market share for subject imports from Mexico during the original investigations and review period). See also, e.g., Hearing Tr. at 17-18 (Neeley); Amtex's Posthearing Br. at 6, Exh. A at 7-8, 21-22, Exh. 2; Amtex's Prehearing Br. at 3.

[281] Amtex reported that its purified CMC capacity increased during the original investigations from *** pounds in 2002 to *** pounds in 2003 and *** million pounds in 2004. During the review period, Amtex reported a stable production capacity of *** pounds between 2005 and 2009 and *** pounds in interim 2009 and 2010. See, e.g., CR/PR at Tables IV-7 and IV-8. Amtex *** produce products other than purified CMC on some of the same equipment used in the production of purified CMC, ***. See, e.g., CR at IV-22, IV-26, IV-27; PR at IV-8 to IV-9; CR/PR at Table IV-15; Amtex's Prehearing Br. at 20-21; Amtex's Posthearing Br. at Exh. A at 8-9.

[282] Compare, e.g., CR/PR at Table IV-8 (indicating production capacity in Mexico of *** pounds between 2005 and 2009 and *** pounds in interim 2009 and interim 2010) with, e.g., CR/PR at Table III-1 (indicating production capacity in the United States of *** pounds between 2005 and 2009 and *** pounds in interim 2009 and interim 2010) and apparent U.S. consumption for purified CMC of *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, *** pounds in 2008, *** pounds in 2009, *** pounds in interim 2009, and *** pounds in interim 2010).

[283] See, e.g., Amtex's Prehearing Br. at 19-20; Hearing Tr. at 18 (Neeley), 125 (Nessel), 142 (Nessel), 176-78 (Nessel); Amtex's Posthearing Br. at 7.

[284] Amtex reported a capacity utilization of *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Table IV-8. In 2009, its excess capacity was *** pounds, equivalent to *** percent of apparent U.S. consumption and *** percent of Aqualon's production.

contended that Amtex could use its non-subject production facilities in Argentina and Colombia to serve demand in Mexico and free up higher-margin production in Mexico to serve the U.S. market.[285] We do not, however, find, record support for this speculation.

Fourth, Amtex was highly focused on its home market. During the original investigations and the review period, the home market in Mexico accounted for the *** share of its total shipments, although Amtex also exported purified CMC to the United States.[286]

Fifth, as we noted earlier, Amtex had a relatively discrete number of generally longstanding customers in the U.S. market that it supplied during the original investigations and review period.[287] For example, *** U.S. customers (***) accounted for at least *** percent of Amtex's sales in the U.S. market during the review period.[288] Azteca, ***, accounting for about *** percent of Amtex's U.S. sales during the review period. Azteca has sourced from Amtex for years in order to guarantee consistency in its tortilla manufacturing operations on both sides of the border.[289] Azteca reported that it would not purchase from Aqualon at any price due to issues with how Aqualon's product works in the production of its corn tortillas.[290] *** purchased *** of its purified CMC from Amtex in 2009 and interim 2010, and during the review period did not purchase any purified CMC manufactured in the United States.[291] *** have been customers of Amtex since the 1990s.[292] With respect to TIC Gums, Amtex reported that, for 15 to 20 years, it sold very high viscosity purified CMC that was not available from Aqualon to this U.S. customer, and recently, this company asked Amtex to supply some lower viscosity product when it was unable to obtain this product due to a shortage of capacity in the market.[293] Aqualon alleged that it faced competition from subject imports from Mexico at other U.S. purchasers. The record, however, shows little to no competition at these accounts. For one, ***. For the second, ***. For the third, ***, a longstanding customer of Amtex, there was minimal competition, as Amtex's sales were only ***, and

[285] See, e.g., Aqualon's Prehearing Br. at 21, 37; Hearing Tr. at 160-61 (Neeley), 163-54 (Nessel, Neeley).

[286] During the original investigations, an increasing share of Amtex's total shipments were directed at its home market (*** percent in 2002, *** percent in 2003, and *** percent in 2004), whereas U.S. exports were *** percent of its shipments in 2002, *** percent in 2003, and *** percent in 2004. See, e.g., CR/PR at Table IV-7. During the review period, Amtex's home market in Mexico accounted for *** of its total shipments (*** percent in 2005, *** percent in 2006 and 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010), whereas shipments to the United States accounted for *** percent of its total shipments in 2005, *** percent in 2006 and 2007, *** percent in 2008, *** percent in 2009, *** percent in interim 2009, and *** percent in interim 2010. See, e.g., CR/PR at Table IV-8. In addition to the United States, Amtex reported exporting purified CMC to ***. See, e.g., CR at IV-22, IV-25 to IV-26; PR at IV-9.

[287] See, e.g., CR/PR at Table I-1 (showing relatively stable U.S. market share for subject imports from Mexico during the original investigations and review period). See also, e.g., Hearing Tr. at 17-18 (Neeley); Amtex's Posthearing Br. at 6, Exh. A at 7-8, 21-22, Exh. 2; Amtex's Prehearing Br. at 3.

[288] See, e.g., Amtex's Prehearing Br. at 3; Hearing Tr. at 124-25 (Nessel), 127-28 (Piotti); Amtex's Posthearing Br. at 6, Exh. A at 7-8, Exh. 2.

[289] See, e.g., Amtex's Prehearing Br. at 3; Hearing Tr. at 124-25 (Nessel), 127-28 (Piotti); Amtex's Posthearing Br. at 6, Exh. A at 7-8, Exh. 2.

[290] See, e.g., Amtex's Prehearing Br. at 21-22.

[291] See, e.g., ***'s Purchaser Questionnaire response to Question II-1.

[292] See, e.g., Amtex's Posthearing Br. at 6.

[293] See, e.g., Hearing Tr. at 130-31 (Nessel).

the company purchased larger volumes from Aqualon.[294] Therefore, we find that competition between subject imports from Mexico and the domestic like product in the U.S. market is likely to be limited in the event that the order is revoked.

Sixth, in the U.S. market, Amtex sold purified CMC primarily for food and "other" applications during the review period.[295] Globally, the food segment accounted for *** percent of its total shipments in interim 2010; "all other" applications accounted for *** percent.[296] During the original investigations and review period, Amtex did not make sales to ***.[297] Amtex's U.S. imports were largely confined to the food sector, as we noted earlier.[298] Amtex reported that it did not participate in the paper sector for technical and cost reasons, and globally it shipped minimal volumes for this sector (*** percent of total shipments). It did not sell to the volatile and price-competitive U.S. oilfields segment; its only sales in this segment were in its home market where it reported very few imports from China, and these shipments accounted for only *** percent of its total global shipments. With respect to the personal-care segment, it sold minimal volumes (*** percent of total global shipments), but not in the United States. Its largest personal-care customer in Mexico, ***, Colgate's U.S. toothpaste production only uses type 12 CMC that Amtex is technically incapable of supplying but that Aqualon (and CP Kelco Finland) can make. Moreover, ***.[299] As we found above, Amtex's behavior during the review period in the U.S. market was not a function of the pending antidumping duty order but instead is consistent with the firm's behavior during the original investigations[300] and with the firm's global behavior.[301]

Despite the fact that the U.S. market is relatively large compared to the global market,[302] and the fact that prices in the U.S. market may be relatively attractive to Amtex,[303] for the reasons discussed above, we do not find that the volume of subject imports from Mexico is likely to be significant in the event that the antidumping duty orders on these imports were to be revoked.

2. Likely Price Effects of Subject Imports from Mexico

In analyzing the likely price effects of subject imports from Mexico, we have taken into account the Commission's analysis of the price effects of cumulated subject imports from Mexico, Finland, the

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[294] See, e.g., Hearing Tr. at 129-30; Amtex's Posthearing Br. at 12-13, Exh. A at 20-21.

[295] See, e.g,. CR/PR at Table IV-2.

[296] See, e.g., CR/PR at Table IV-16.

[297] See, e.g., Amtex's Prehearing Br. at 3, 19; Hearing Tr. at 18 (Neeley), 128 (Piotti), 131-33 (de la Fuente), 239-40 (Neeley); Amtex's Posthearing Br. at 6; CR/PR at Table IV-2.

[298] See, e.g., CR/PR at Table IV-2.

[299] See, e.g., Amtex's Prehearing Br. at 9-12; Hearing Tr. at 125-26 (Nessel), 127-30 (Piotti), 203-04 (Nessel); Amtex's Posthearing Br. at 2, 4-5; CR/PR at Tables IV-2, IV-16.

[300] See, e.g., Memorandum INV-CC-079 (June 2, 2005) at Table IV-3 (showing imports of subject merchandise from Mexico ***).

[301] See, e.g., CR/PR at Table IV-16.

[302] See, e.g., CR/PR at Table IV-18 (showing that the U.S. market's share of global purified CMC demand for food applications was *** percent, *** percent for personal-care applications, *** percent for oilfield applications, *** percent for paper applications, and *** percent for other applications).

[303] Although we exercise caution when using average-unit-value data in recognition of the possible effect of product-mix differences, we note that the average-unit value of ***. See, e.g., CR/PR at Tables IV-8.

Netherlands, and Sweden in the original determinations, discussed above.[304]

In these reviews, the Commission collected quarterly pricing data on six purified CMC products for the period January 2005 through September 2010, as noted earlier.[305] The pricing data reported by Aqualon accounted for *** percent of its U.S. shipments during the review period, by quantity.[306] Pricing data reported by importers accounted for *** percent of U.S. shipments of subject imports from Mexico.[307] During the review period, prices for the domestic like product for all six pricing products increased overall, despite frequent quarterly fluctuations.[308] Prices of subject imports from Mexico also generally increased during the review period.[309] Cumulated subject imports from Mexico undersold the domestic like product during the review period.[310]

Based on our finding that the likely volume of subject imports from Mexico is not likely to be significant in the reasonably foreseeable future and the absence of any indication that Amtex gained market share as a result of any underselling, however, we do not find that subject imports from Mexico are likely to undersell the domestic like product to a significant degree in the event the order is revoked or that these imports would likely have significant suppressing or depressing effects on prices of the domestic like product if the antidumping duty order were revoked.

3. Likely Impact of Subject Imports from Mexico[311]

In analyzing the likely price impact subject imports from Mexico, we have taken into account the Commission's analysis of the impact of cumulated subject imports from Mexico, Finland, the Netherlands, and Sweden in the original determinations, discussed above.[312] We also took into account our findings discussed above regarding the domestic industry's performance during the review period. Based on these considerations as well as our finding that the likely volume of subject imports from Mexico is not likely to be significant after revocation and our finding that subject imports from Mexico are not likely to enter the United States at prices that would likely undersell the domestic like product at

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[304] Commissioner Pearson has taken into consideration his analysis of the price effects of imports from Mexico, the Netherlands, and Sweden in his original determinations.

[305] See, e.g., CR at V-5; PR at V-3.

[306] See, e.g., CR at V-5; PR at V-3.

[307] See, e.g., CR at V-5 to V-6; PR at V-3.

[308] See, e.g., CR at V-6; PR at V-3.

[309] Prices of subject imports from Mexico for products 1 and 2 increased overall during the review period. Prices of products 3 and 6 from Mexico increased overall during the quarters where sales were reported while prices for products 4 and 5 decreased. See, e.g., CR at V-6; PR at V-4; CR/PR at Tables V-1 to V-6.

[310] In the original investigations, subject imports from Mexico undersold the domestic like product in 23 comparisons at margins that ranged from 1.3 percent to 28.7 percent and oversold the domestic like product in 18 comparisons at margins that ranged from 4.3 percent to 86.0 percent. See, e.g., CR/PR at Table V-9. During the review period, subject imports from Mexico undersold the domestic like product in 56 comparisons at margins that ranged from 0.6 percent to 47.4 percent and oversold the domestic like product in 24 instances at margins that ranged from 1.2 percent to 25.6 percent. See, e.g., CR/PR at Table V-8.

[311] After conducting a full five-year review, Commerce found likely antidumping duty margins of 12.61 percent for subject imports from Mexico. See, e.g., CR/PR at Table I-6. Commerce has not issued any duty absorption findings with respect to purified CMC from Mexico. See, e.g., CR at I-9 at n.9; PR at I-5 at n.9.

[312] Commissioner Pearson has taken into consideration his analysis of the impact of imports from Mexico, the Netherlands, and Sweden in his original determinations.

significant margins or that would likely have significant suppressing or depressing effects on prices of the domestic like product if the antidumping duty order were revoked, we do not find that subject imports from Mexico would likely have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

E. Revocation of the Antidumping Duty Order on Imports from Sweden Is Not Likely to Lead to Continuation or Recurrence of Material Injury[313]

In analyzing the likely volume, likely price effects, and likely impact of subject imports from Sweden on the domestic industry in the event of revocation, we have taken into account the Commission's analysis of the volume, price effects, and impact of cumulated subject imports from Mexico, Finland, the Netherlands, and Sweden in the original determinations, discussed above.[314]

Several factors support our conclusion that the volume of subject imports from Sweden is not likely to be significant in the event the antidumping duty order on these imports is revoked. The volume of subject imports from Sweden during the original investigations was relatively stable, and its share of the U.S. market was declining.[315] After imposition of the antidumping duty order, subject imports from Sweden initially remained in the U.S. market at relatively low levels.[316] Part-way through the review period, however, the sole producer in Sweden, CP Kelco Sweden, closed its Swedish production facility and moved equipment to non-subject country China.[317] In its questionnaire response, CP Kelco Sweden confirmed that it ***,[318] and reported that it ***.[319] Additionally, record data reflect ***.[320] Indeed, domestic interested party Aqualon stipulates that there would be no continuation or recurrence of material injury to the domestic industry, if the order on purified CMC from Sweden were revoked.[321] As

[313] After conducting an expedited five-year review, Commerce found likely antidumping duty margins of 25.29 percent for subject imports from Mexico. See, e.g., CR/PR at Table I-6. Commerce has not issued any duty absorption findings with respect to purified CMC from Sweden. See, e.g., CR at I-9 at n.9; PR at I-5 at n.9.

[314] Commissioner Pearson has taken into consideration his analysis of the volume, price effects, and impact of cumulated subject imports from Mexico, the Netherlands, and Sweden in his original determinations.

[315] Specifically, the volume of subject imports from Sweden decreased from *** pounds in 2002 to *** pounds in 2003 and increased to *** pounds in 2004. As a share of apparent U.S. consumption, subject imports declined from *** percent in 2002 to *** percent in 2003 and *** percent in 2004. See, e.g., CR/PR at Table I-1.

[316] Specifically, subject imports from Sweden were *** pounds in 2005, *** pounds in 2006, *** pounds in 2007, and *** pounds in 2008. In terms of apparent U.S. consumption, subject imports from Sweden were *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, *** percent in 2009, in interim 2009, and interim 2010. See, e.g., CR/PR at Table C-1. We note that CP Kelco Sweden exported *** while the company was in operation. See, e.g., CR/PR at Tables IV-11, IV-12.

[317] See, e.g., Aqualon's Prehearing Br. at 17, 20; Amtex's Prehearing Br. at 6; Hearing Tr. at 33 (Gruber), 46 (Klett); Aqualon's Posthearing Br. at 7; Akzo's Posthearing Br. at Exh. A at 4.

[318] See, e.g., CR at IV-37; PR at IV-10; CR/PR at Table IV-12.

[319] See, e.g., CR/PR at Table IV-12.

[320] See, e.g., CR/PR at Table C-1.

[321] See, e.g., Aqualon's Prehearing Br. at 1 n.1; Hearing Tr. at 66 (Lebow); Aqualon's Response to Notice of Institution at 9.

Aqualon explains, in light of "the reportedly permanent closure of the CP Kelco plant in Sweden," the order with respect to imports from Sweden "should not be continued."[322]

Accordingly, we do not find that the likely volume of subject imports from Sweden is likely to be significant, that there is likely to be significant underselling by subject imports from Sweden, that subject imports from Sweden are likely to depress or suppress prices to a significant degree, or that subject imports are likely to have a significant adverse impact on the domestic industry in the event that the antidumping duty orders on these imports were to be revoked.

CONCLUSION

For the foregoing reasons, we determine that revocation of the antidumping duty orders on imports of purified CMC from Finland and the Netherlands would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[323] In contrast, we determine that revocation of the antidumping duty orders on subject imports of purified CMC from Sweden and Mexico would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[324]

[322] See, e.g., Aqualon's Prehearing Br. at 1 n.1; Hearing Tr. at 66 (Lebow); Aqualon's Response to Notice of Institution at 9.

[323] Commissioner Pearson dissenting.

[324] Commissioner Lane dissenting with respect to subject imports from Mexico.

ADDITIONAL AND DISSENTING VIEWS OF COMMISSIONER CHARLOTTE R. LANE

I join the majority of my colleagues in finding that revocation of the antidumping duty orders on subject imports of purified carboxymethylcellulose ("purified CMC") from Sweden would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time, and that revocation of the orders on imports of purified CMC from Finland and the Netherlands would be likely to lead to such injury. However, I also find that revocation of the antidumping duty order on imports of purified CMC from Mexico would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. My reasons for making this finding are presented below.[1]

I. CUMULATION

Other Likely Conditions of Competition

As I stated in the majority views, I approach discretionary cumulation in a manner different from most of my colleagues. When I do not find that the subject imports would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked, and find that such imports would be likely to compete with each other and with the domestic like product in the U.S. market, I cumulate such imports unless there is a condition or propensity – not merely a trend – that is likely to persist for a reasonably foreseeable time and that significantly limits competition such that cumulation is not warranted. Based on the record in these reviews, I find that there is no such condition or propensity with respect to the subject imports from Finland, Mexico and the Netherlands.

I do not agree that the Netherlands lacks a significant home market, being that home shipments represented *** percent of *** total shipments in 2009 and *** percent of its total shipments in interim 2010.[2] In 2002, only *** percent of Dutch shipments of purified CMC (by all subject producers in the Netherlands) were to the home market.[3] Thus, I do not find that the degree of home market shipments accords me a basis on which to decline to exercise my discretion to cumulate Mexico's subject imports with those from Finland and the Netherlands.[4]

While Amtex reported extremely high capacity utilization in interim 2010 (***),[5] I note that its capacity utilization has fluctuated throughout the period of review.[6]

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[1] I join with my colleagues in all sections of the majority views (except when otherwise noted), and except section V.D.

[2] CR/PR at Table IV-10.

[3] CR/PR at Table IV-9.

[4] Finland's home market shipments were *** percent of the total quantity of shipments of purified CMC in 2002, CR/PR at Table IV-5, *** percent in 2009 and *** percent in interim 2010. CR/PR at Table IV-6.

[5] CR/PR at Table IV-8.

[6] It was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009. It was *** percent in interim 2009. CR/PR at Table IV-8.

In addition, Amtex ***.[7] These facts do not compel me to find that there is no likelihood that Amtex will increase its exports to the United States in the reasonably foreseeable future if the order on subject imports from Mexico were revoked.

I agree with my colleagues that Amtex is primarily focused in the food and all other sectors of the purified CMC market. However, as they also note, this condition has persisted since the original investigations. In 2009, *** pounds of purified CMC was imported from the Netherlands for the food sector and *** pounds was imported from Mexico. Also in that year, *** pounds of purified CMC was imported from the Netherlands for the all other sector and *** pounds was imported from Mexico. There are few imports from Finland in the personal care sector throughout the period of review, whereas this is one of the top two sectors in which imports from the Netherlands compete. Similarly, there are few imports from the Netherlands in the paper and board sector, which is the sector in which subject imports from Finland are the most plentiful.[8] I do not find that competition among the subject imports in the various sectors is limited to the degree that I should not cumulate subject imports from Mexico with those from Finland and the Netherlands. As stated in the majority's views, only a likely "reasonable overlap" of competition is required.

I do not find that the behavior of subject imports from Finland and the Netherlands fluctuated much more than those from Mexico during the period of review. Subject import market share from Finland was *** percent in 2005 and *** percent in 2009; it was *** percent in interim 2009 and *** percent in interim 2010. Subject import market share from the Netherlands was *** percent in 2005 and *** percent in 2009; it was *** percent in interim 2009 and fell to *** percent in interim 2010 due to the catastrophic explosion and fire in July 2009. Subject import market share from Mexico was *** percent in 2005 and was *** percent in 2009; it was *** percent in interim 2009 and *** percent in interim 2010.[9]

Based on the above factors, I find similarities in the likely conditions of competition facing subject imports from Finland, Mexico and the Netherlands and exercise my discretion to cumulate these imports for my analysis in these reviews.

II. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS UNDER REVIEW ARE REVOKED

I concur with my colleagues in the majority with respect to the discussion of the legal standards, conditions of competition and business cycle. Below I set forth the reasoning for my finding with respect to subject imports from Finland, Mexico and the Netherlands.

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[7] CR at IV-22, PR at IV-8.

[8] See CR/PR at Table IV-2.

[9] CR/PR at Table C-2.

Revocation of the Antidumping Duty Orders on Imports from Finland, Mexico and the Netherlands Is Likely to Lead to Continuation or Recurrence of Material Injury

1. Likely Volume of Cumulated Subject Imports

I adopt the majority's views as regards the findings of the original investigations and the current reviews as pertains to Finland and the Netherlands. Adding the likely volume of subject imports from Mexico to the likely cumulated volumes from Finland and the Netherlands renders the likely cumulated volume of subject imports from all three countries even more significant, both absolutely and relative to apparent U.S. consumption and production.[10]

In addition, Mexico continues to be export oriented, as it was during the original investigations, although it has shifted more shipments to its home market.[11] The vast majority of its exports are to the U.S. market.[12] Notwithstanding imposition of the order, Mexico maintained its market share after the antidumping duty order was imposed[13] and this figure was not substantially different from its market share at the end of the period of investigation.[14] Should the antidumping duty order on subject imports from Mexico be terminated, it stands to reason that Mexico has the incentive to at least regain the market share it held before the order was imposed.

Adding the above findings to those regarding cumulated subject imports from Finland and the Netherlands as stated in the majority's views, I conclude that the volume of cumulated subject imports from Finland, Mexico and the Netherlands is likely to be significant and likely would increase significantly after revocation of the orders.

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[10] Cumulated subject imports from these three subject countries totaled *** pounds in 2005, *** pounds in 2007, *** pounds in 2007, *** pounds in 2008, and *** pounds in 2009. They totaled *** pounds in interim 2009 and *** pounds in 2010. CR/PR at Table C-2.

With respect to Mexico in particular, I note that Mexican capacity and production have increased substantially since the time of the original investigations. Mexican capacity was *** pounds in 2004, CR/PR at Table IV-7, and was *** pounds in 2009. CR/PR at Table IV-8. Production was *** pounds in 2004, CR/PR at Table IV-7, and *** pounds in 2009. CR/PR at Table IV-8. Yet capacity utilization is somewhat less during the period of review than during the period of investigation (it was *** percent in 2004, CR/PR at Table IV-7, and *** percent in 2009, CR/PR at Table IV-8), adding to Mexico's ability to ramp up production even more and send increased volumes of dumped subject purified CMC to the United States in the event the order is revoked.

[11] Mexico's total exports represented *** percent of its total shipments in 2009. CR/PR at Table IV-8.

[12] In 2009, *** of Mexico's total shipments of purified CMC went to the U.S. market. Only *** percent of its total shipments went to other export markets. CR/PR at Table IV-8.

[13] Mexico's market share was *** percent in 2005, *** percent in 2006, *** percent in 2007, *** percent in 2008, and *** percent in 2009. It was *** percent in interim 2009 and *** percent in interim 2010. CR/PR at Table C-2.

[14] Mexico's market share was *** percent in 2004. CR/PR at Table I-1.

2. Likely Price Effects of Cumulated Subject Imports

I adopt the majority's views as regards the findings of the original investigations and the current reviews as pertains to Finland and the Netherlands. I add that subject imports from Mexico undersold the domestic product in 56 of 80 comparisons, with margins ranging up to 47.4 percent,[15] after the antidumping duty order was imposed. In view of the finding that the volume of cumulated subject imports from Finland, Mexico and the Netherlands likely would increase significantly after revocation and in light of the high degree of interchangeability among the domestic like product and subject imports from Finland, Mexico and the Netherlands,[16] the importance of price in the industry[17] and the underselling by the subject imports from the three countries even after the antidumping duty orders were imposed, I find that subject imports from these three countries are likely to enter the United States at prices that likely would undersell the domestic like product and likely would have significant suppressing or depressing effects on prices of the domestic like product.

3. Likely Impact of Cumulated Subject Imports

I adopt the majority's views as regards the findings of the original investigations and the current reviews as pertains to Finland and the Netherlands, the performance of the domestic industry and the likely role of nonsubject imports in the U.S. market. In view of my finding that revocation of the orders on purified CMC from Finland, Mexico and the Netherlands likely would result in a significant increase in cumulated subject import volume that likely would undersell the domestic like product at significant margins, thereby depressing and suppressing domestic like product prices to a significant degree, I also find that the likely volume and price effects of cumulated subject imports from Finland, Mexico and the Netherlands likely would have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These reductions would have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments. I therefore conclude that, if the antidumping duty orders were revoked, cumulated subject imports from Finland, Mexico and the Netherlands likely would have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the foregoing reasons, I determine that revocation of the antidumping duty orders on imports of purified CMC from Finland, Mexico and the Netherlands likely would lead to continuation or recurrence of material injury in an industry in the United States within a reasonably foreseeable time. I also determine that revocation of the antidumping duty order on subject imports of purified CMC from Sweden likely would not lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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[15] CR/PR at Table V-8.

[16] See, e.g., CR/PR at Tables II-5 - II-7.

[17] See, e.g., CR/PR at Tables II-3, II-4.

DISSENTING VIEWS OF COMMISSIONER DANIEL R. PEARSON

Section 751(d)(2) of the Tariff Act of 1930, as amended ("the Act"), requires that the U.S. Department of Commerce ("Commerce") revoke a countervailing duty or an antidumping duty finding in a five-year ("sunset") review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the U.S. International Trade Commission ("Commission") determines that material injury to a U.S. industry would be likely to continue or recur within a reasonably foreseeable time.[1] Based on the record in this five-year review, I determine that revocation of the antidumping duty orders covering purified carboxymethylcellulose ("CMC") from Finland and the Netherlands would not likely lead to the continuation or recurrence of material injury within a reasonably foreseeable time.[2]

In reaching these findings, I have relied on the record compiled in these review investigations and my findings in the original determinations.

A. Likely volume of cumulated subject imports from Finland and the Netherlands

In the original investigations, I cumulated subject imports from Mexico, the Netherlands, and Sweden, and considered imports from Finland separately. In considering volume, I noted that the cumulated volume of imports from Mexico, the Netherlands, and Sweden had increased absolutely but slower than overall apparent U.S. consumption. As a result, the relative share of these cumulated subject imports had declined. Similarly, the volume of subject imports from Finland had increased, but, again, more slowly than overall consumption, with the result that market share for subject imports from Finland was essentially flat over the period of investigation. By the end of the POI, the domestic industry was operating at full capacity, indicating that the domestic industry could not have captured any more market share than it had already done. In light of these findings, I found that subject import volume was not significant, either absolutely or relatively, for either the cumulated subject imports or for Finland. [3]

Since the original investigations, the available production capacity in the Netherlands has contracted significantly in the wake of the destruction of the Kelco facility at Nijmegen. Production capacity in the Netherlands going forward is unlikely to exceed ***, compared to *** in 2004. The producer in Finland also reported lower production capacity than indicated during the original period of investigation, but the producer is now qualified to sell purified CMC into all market segments, a significant change from the original POI. Altogether producers in the Netherlands and Finland have approximately *** pounds of purified CMC production capacity.[4]

The Kelco facility in Finland is generally believed to be the largest in the world,[5] and both the Finnish and Dutch industries are very export-oriented, with home market shipments accounting for ***

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[1] 19 U.S.C. § 1675(d)(2).

[2] I join with, and adopt as my own, sections I-IV, V.A., V.B.2, V.D, and V.E of the Commission majority opinion as my own.

[3] Confidential opinion at 51-52, 58; USITC 3787 at 32, 36.

[4] CR/PR at Tables IV-5, IV-6, IV-9 and IV-10. Total capacity in the countries subject to these investigations declined by approximately *** between 2005 and 2009. CR/PR at Table IV-14.

[5] CR at IV-16, PR at IV-7

percent of total shipments.[6] Imposition of the orders initially had fairly significant effects on import volumes from both Finland and the Netherlands, but subject imports from both countries remained in the U.S. market, and, at least prior to the economic recession, in volumes or market shares not significantly different than prior to the orders.[7]

The domestic industry lacks the productive capacity to fill more than a portion of apparent U.S. consumption,[8] and imports will play a significant role in the U.S. market for the foreseeable future. The volume of subject imports increased fairly significantly in absolute terms during the original POI. Subject imports have remained in the U.S. market despite the presence of the orders, and cumulated subject imports were higher in volume than imports from any other source, including nonsubject sources such as China or France.[9]

Nonetheless, I do not find it likely that subject import volume will change significantly upon revocation. Producers in both countries are very dependent on exports. But producers in both countries have succeeded in finding alternative export markets. Both operated at very high rates of capacity utilization throughout much of the period of review and, after a recession-related downturn in 2009, both were operating at very high levels of capacity utilization at the end of the POR. Subject import volume upon revocation is likely to be somewhat further curtailed by Akzo's strategic shift towards the more demanding segments of the personal care market.

B. Likely price effects of cumulated subject imports from Finland and the Netherlands

In the original investigations, I noted that purified CMC from different sources was fairly substitutable, but that purified CMC was not interchangeable across applications.[10] For cumulated subject imports from Mexico, the Netherlands, and Sweden, I found that underselling by subject imports had occurred in approximately half of all quarterly observations but in about *** percent of sales by volume. Underselling was even more common in comparisons with subject imports from Finland. But I also found that the price categories were relatively broad and the underselling occurred at a time when subject imports were losing market share, indicating that the underselling had not been effective. Domestic prices had declined over the POI as well, but the record indicated that ***. Therefore, although I found underselling to be common, I did not find that underselling by subject imports had led to significant price depression or suppression.[11]

As in the original period of investigation, underselling by subject imports from Finland was quite common, with underselling present in 49 of 60 quarterly comparisons, despite the presence of the order. Subject imports from the Netherlands were significantly less likely to undersell, but imports from Finland were generally present in more significant quantities. It is likely that subject imports would continue to undersell the domestic like product to some extent upon revocation, as occurred during the original investigations.

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[6]CR/PR at Tables IV-6 and IV-10.

[7]CR/PR at Table I-1.

[8]CR/PR at Table I-1.

[9]CR/PR at Table I-1.

[10]Confidential opinion at 50; USITC Pub. 3787 at 31-32.

[11]Confidential opinion at 52-54; USITC Pub. 3787 at 33-34, 36-37.

Nonetheless, I do not find it likely that any such underselling would likely lead to significant price depression or suppression or other adverse price effects for the domestic like product. The record in the original investigations showed little correlation between underselling by subject imports and the volume of domestic sales; the record also suggested that the domestic industry's prices were more a function of the producer's own *** than a result of the presence of subject imports in the market.[12] The record in these investigations suggest at least one significant change in the market. The record does not contain any significant evidence ***. The domestic industry operated at high levels of utilization throughout most of the POR, indicating that it was servicing close to the maximum number of customers. And the record does not suggest that Aqualon had to reduce its prices to attract customers. Rather, the record in these review investigations show that domestic prices generally rose throughout the POR, despite a sharp reduction in overall demand.[13] Subject import prices, as well as unit values for nonsubject imports, also generally rose throughout the POR.[14]

The increase in domestic prices cannot be explained by referring to costs. The domestic industry's cost of goods sold did rise between 2005 and 2008, with a particularly sharp increase between 2007 and 2008, but the industry's operating income relative to sales also rose, even between 2007 and 2008. After 2008, despite the sharp contraction in demand in 2009, the domestic industry was able to continue raising its prices, and its COGs to sales ratio fell from *** percent in 2008 to *** percent in 2009 and *** in interim 2010, while its operating income relative to sales rose from *** percent in 2008 to *** percent in 2009 and *** percent in interim 2010.[15] The domestic industry was able to pass through fully any increases in cost and further extend its profit margin as well, despite the continuing presence of subject imports in fairly significant volume and with fairly regular underselling.

The record in the original investigations showed little correlation between subject import volume and pricing and the prices received by the domestic industry. The record in these review investigations suggest that the imposition of the orders has not in fact significantly altered this state of affairs, even though subjects have remained in the market and underselling has not been infrequent. Given the apparent significant improvement in Aqualon's ***, the record in these investigations suggest that Aqualon is well-positioned to maintain prices with its domestic customers independent of the flow of imports and even in the presence of sharp reductions in demand. I therefore do not find it likely that underselling by subject imports is likely to lead to significant price depression or suppression.

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[12]Confidential opinion at 53; USITC Pub. 3787 at 33.

[13]CR/PR at Table C-1.

[14]CR/PR at Tables V-1-V-6 and C-1.

[15]CR/PR at Table C-1.

C. Likely impact of cumulated subject imports from Finland and the Netherlands[16]

In the original investigations, I noted that the domestic industry might have looked injured, given a decline in operating income, unit value of net sales, and employment-related statistics. But the POI had also brought significant improvements in production, capacity utilization, and productivity. The industry had recorded an operating loss in 2004, but the loss ***. The industry's returns had been somewhat further dampened by the significant share of shipments going to the oilfield sector, where the concentration of buyers translated to significant pricing power. I found that subject imports did not have a significant adverse impact on the domestic industry.[17]

The domestic industry's performance during this review period was notably robust. It operated at high capacity utilization rates throughout most of the POR. U.S. shipments increased consistently between 2005 and 2008, fell off sharply in the wake of the recession, and then recovered rapidly. The domestic industry also saw fairly significant increases in its export shipments and generally received high unit values for those exports. Prior to the 2009 recession, the industry made productivity gains and was back close to peak productivity by interim 2010. While the number of production-related workers was stable, total wages paid and hourly wages grew by *** percent between 2005 and 2009.[18]

As noted, the domestic industry's prices rose throughout the POR, and unit values of net sales rose throughout the POR as well, from *** in 2005 to *** in 2009, the trough of the recession for this product; unit values in 2009 were *** percent higher in 2005. This increase in price was not matched by a corresponding increase in cost, and unit COGs in 2009 were up *** percent from 2005. As a result, the industry's financial performance soared, with operating income relative to sales rising from *** percent in 2005 to *** percent in 2008 to *** percent in 2009 despite that year's collapse in demand. Operating income relative to sales was *** percent in interim 2010, compared to *** percent in interim 2009.[19]

The industry's performance since 2005 might suggest that the imposition of the orders was responsible for the industry's performance. But the record from the original investigations suggests that the industry's improvement in performance was already well underway before these orders were imposed. During the period of the original investigations, the industry saw significant increases in production, capacity utilization, net sales, and productivity, along with significant reductions in labor costs.[20] The industry ***.[21] Aqualon was clearly responding to *** during the original period of

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[16]Commerce conducted expedited five-year reviews of the antidumping duty orders on purified CMC from Finland and the Netherlands and found likely antidumping duty margins of 6.65 percent with respect to subject imports from Finland, 13.39 percent with respect to Dutch producer Akzo, 14.88 percent with respect to Noviant/CP Kelco Netherlands, and 14.57 percent with respect to all other Dutch producers. See, e.g., CR/PR at Table I-6. Commerce has not issued any duty absorption findings with respect to purified CMC from Finland or the Netherlands.

[17]Confidential opinion at 54-56, 60; USITC Pub. 3787 at 34-35, 37.

[18]CR/PR at Table C-1.

[19]CR/PR at Table C-1.

[20]Confidential opinion at 55; USITC Pub. 3787 at 34.

[21]Confidential opinion at 55; USITC Pub. 3787 at 34.

investigation, and its success can be seen in the record in these reviews, wherein it managed significant price increases and extremely high profit margins during a major downturn, despite the continued presence of a significant volume of imports and underselling.

The record therefore suggests to me that the domestic industry is not vulnerable to material injury by reason of subject imports. I also find that continuation or recurrence of material injury is not likely. While subject imports are likely to remain in the U.S. market in significant volumes, and some underselling is likely to continue, the domestic industry is sufficiently well-situated to hold onto its customers and its prices even during a severe downturn. The record does not indicate that subject imports will be able to erode the significant advantages Aqualon has as the sole domestic producer, even if imports remain a significant part of the market.

F. Conclusion

For the foregoing reasons, I find that revocation of the orders on Finland and the Netherlands would not likely lead to continuation or recurrence of material injury within a reasonably foreseeable time.

PART I: INTRODUCTION

BACKGROUND

On June 1, 2010, the U.S. International Trade Commission ("Commission") gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"),[1] that it had instituted reviews to determine whether revocation of the antidumping duty orders on purified carboxymethylcellulose ("purified CMC") from Finland, Mexico, Netherlands, and Sweden would likely lead to the continuation or recurrence of material injury to a domestic industry.[2] [3] On September 7, 2010, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[4] The tabulation on the following page presents information relating to the schedule of these proceedings:[5]

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

[2] *Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden*, 75 FR 30431, June 1, 2010. All interested parties were requested to respond to this notice by submitting the information requested by the Commission.

[3] The U.S. Department of Commerce ("Commerce") published a notice of initiation of five-year reviews of the subject antidumping duty orders. *Initiation of Five-Year ("Sunset") Review*, 75 FR 30777, June 2, 2010.

[4] *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden*, 75 FR 57815, September 22, 2010. The Commission received responses to its notice of initiation from one domestic interested party, Aqualon Co. ("Aqualon"), and two foreign producer/exporters, Quimica Amtex, S.A. de C.V. ("Amtex") of Mexico and Akzo Nobel Function Chemicals B.V. ("Akzo") of the Netherlands. The Commission determined that the domestic interested party group response was adequate. The Commission found that the respondent interested party group responses were adequate with respect to the orders on purified CMC from Mexico and the Netherlands because respondents from each of these countries accounted for a significant share of the production of subject merchandise in their respective countries. Because the group and individual responses from both domestic interested parties and respondent interested parties were adequate in the reviews of the orders concerning purified CMC from Mexico and the Netherlands, the Commission determined to conduct full reviews in these proceedings. The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Finland and Sweden, and therefore determined that the respondent interested party group responses for these countries were not adequate. The Commission nevertheless voted to conduct full reviews concerning subject imports from Finland and Sweden to promote administrative efficiency in light of the Commission's determination to conduct full reviews of the other orders in these grouped reviews.

[5] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in appendix A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site. Appendix B presents the list of the witnesses appearing at the Commission's hearing.

Effective date	Action
July 11, 2005	Commerce's antidumping duty orders on purified CMC from Finland, Mexico, Netherlands, and Sweden (70 FR 39734)
June 1, 2010	Commission's institution of five-year reviews (75 FR 30431)
June 2, 2010	Commerce's initiation of five-year reviews (75 FR 30777)
September 7, 2010	Commission's determinations to conduct full five-year reviews and scheduling of the reviews (75 FR 57815)
October 6, 2010	Commerce's final results of expedited five-year reviews of the antidumping duty orders on purified CMC from Finland, Netherlands, and Sweden (75 FR 61700)
January 19, 2011	Commission's notice of revised schedule (76 FR 3159)
January 27, 2011	Commerce's final results of a full five-year review of the antidumping duty order on purified CMC from Mexico (76 FR 4865)
February 15, 2011	Commission's hearing
April 12, 2011	Commission's vote
May 3, 2011	Commission's determinations transmitted to Commerce

The Original Investigations

The original investigations resulted from petitions filed by Aqualon, a division of Hercules, Inc., Wilmington, DE, on June 9, 2004, alleging that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of purified CMC from Finland, Mexico, Netherlands, and Sweden. Following notification of final determinations by Commerce that imports of purified CMC from Finland, Mexico, Netherlands, and Sweden were being sold at LTFV, the Commission determined on June 30, 2005 that a domestic industry was materially injured by reason of LTFV imports of purified CMC from Finland, Mexico, Netherlands, and Sweden.[6] Commerce published the antidumping duty orders on purified CMC from Finland, Mexico, Netherlands, and Sweden on July 11, 2005.[7]

Finnish producer and exporter Noviant OY and its affiliate members of the Noviant Group (Dutch producer/exporter Noviant BV, Swedish producer/exporter Noviant AB, and U.S. importer Noviant Inc.) appealed the Commission's final determination regarding subject imports from Finland, but not its final determinations concerning imports from the other subject countries. Specifically, they questioned whether the Commission's decision to cumulate subject imports from Finland was supported by substantial record evidence, although they only made arguments concerning its fungibility finding. In a

[6] *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden*, Inv. Nos. 731-TA-1084-1087(Final), USITC Publication 3787 (June 2005), p. 3, and 70 FR 39334, July 7, 2005. The Commission's final determinations reflected the views of Chairman Okun and Commissioners Lane, Hillman, Koplan, and Miller. Commissioner Pearson cumulated subject imports from Mexico, Netherlands, and Sweden but addressed Finland separately. He reached negative determinations with respect to imports from all subject countries.

[7] *Notice of Antidumping Duty Orders: Purified Carboxymethylcellulose from Finland, Mexico, the Netherlands, and Sweden*, 70 FR 39734, July 11, 2005.

September 12, 2006, opinion for the U.S. Court of International Trade ("CIT"), Judge Carmen upheld the Commission's cumulation analysis and sustained the Commission's final material injury determination.[8]

In separate proceedings, Amtex appealed the Commission's final determination regarding subject imports from Mexico. Its primary argument concerned whether the Commission properly cumulated subject imports from Mexico with those from the other subject countries. On February 13, 2007, Amtex filed a consent motion with the North American Free Trade Agreement Secretariat to terminate panel review of the determination. A panel was in the process of being convened but no briefs had been filed.

No other litigation arose from the Commission's final determinations.

SUMMARY DATA

Table I-1 presents a summary of data from the original investigations and the current full five-year reviews.

Table I-1
Purified CMC: Summary data from the original investigations and the current reviews, 2002-04 and 2005-09

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STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> > *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
> > *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
> > *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*

[8] See, e.g., Noviant OY v. United States, 30 CIT 1447, 451 F. Supp. 2d 1367 (Ct. Int'l Trade 2006). The CIT's decision was not appealed to the U.S. Court of Appeals for the Federal Circuit.

(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..

(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--

(A) any likely increase in production capacity or existing unused production capacity in the exporting country,
(B) existing inventories of the subject merchandise, or likely increases in inventories,
(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and
(D) 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.

(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--

(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and
(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like product.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to–

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,
(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and
(C) 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.

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of the Report

Information obtained during the course of the reviews that relates to the statutory criteria is presented throughout this report. A summary of trade and financial data for purified CMC as collected in the reviews is presented in appendix C. U.S. industry data are based on the questionnaire responses of one U.S. producer of purified CMC that is believed to have accounted for *** percent of domestic production of purified CMC in 2009. U.S. import data and related information are based on questionnaire responses of *** U.S. importers of purified CMC that are believed to have accounted for the vast majority of both the total subject U.S. imports and the total U.S. imports of purified CMC from other sources during 2009. Foreign industry data and related information are based on the questionnaire responses of *** producers of purified CMC: *** producer in Finland accounting for *** percent of total production during the period of review, *** producer in Mexico accounting for *** percent of total production during the period of review, *** producers in the Netherlands accounting for *** percent of total production during the period of review, and *** producer in Sweden accounting for *** percent of production during the period of review. Responses by U.S. producers, importers, purchasers, and foreign producers of purified CMC to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of revocation of such orders are presented in appendix D.

COMMERCE'S REVIEWS

Administrative Reviews[9]

Commerce has completed administrative reviews of the outstanding antidumping duty orders on purified CMC from Finland, Mexico, Netherlands, and Sweden. The results of the administrative reviews are shown in tables I-2 through I-5.

[9] Commerce has issued no duty absorption findings with respect to purified CMC from the subject countries.

Table I-2
Carboxymethylcellulose: Commerce's final AD determination, AD order, and AD administrative reviews for Finland

Period	Type of proceeding and date results published	Weighted-average margin (*percent ad valorem*)
12/27/04-06/25/05	**Final determination** (70 FR 28279, May 17, 2005) **AD order** (70 FR 39734, July 11, 2005)	Noviant OY..... 6.65 All others 6.65
12/27/04-06/30/06	**Administrative Review Initiation** (71 FR 51573, August 30, 2006) **Administrative Review Partial Rescission** (72 FR 11325, March 13, 2007) **Administrative Review Extension** (72 FR 16767, April 5, 2007) **Administrative Review Preliminary Determination** (72 FR 44106, August 7, 2007) **Administrative Review Final Results** (72 FR 70568, December 12, 2007)	CP Kelco Oy..... 6.65 Noviant OY..... 6.65
07/01/06-06/30/07	**Administrative Review Initiation** (72 FR 48613, August 24, 2007) **Administrative Review Extension** (73 FR 12950, March 11, 2008) **Administrative Review Preliminary Determination** (73 FR 45937, August 7, 2008) **Administrative Review Final Result** (73 FR 75397, December 11, 2008)	CP Kelco Oy.....13.89
07/01/07-06/30/08	**Administrative Review Initiation** (73 FR 50308, August 26, 2008) **Administrative Review Preliminary Determination** (74 FR 16180, April 9, 2009) **Administrative Review Final Result** (74 FR 28886, June 18, 2009)	CP Kelco Oy….....12.00
07/01/08-06/30/09	**Administrative Review Initiation** (74 FR 42873, August 25, 2009) **Administrative Review Extension** (75 FR 3444, January 21, 2010) **Administrative Review Final Result** (75 FR 73035, November 29, 2010)	CP Kelco Oy….....6.10

Source: Cited Federal Register notices.

Table I-3
Carboxymethylcellulose: Commerce's final AD determination, AD order, and AD administrative reviews for Mexico

Period	Type of proceeding and date results published	Weighted-average margin (*percent ad valorem*)
12/27/04-06/25/05	**Final determination** (70 FR 28279, May 17, 2005) **AD order** (70 FR 39734, July 11, 2005)	Quimica Amtex.....12.61 All others 12.61
12/27/04-06/30/06	**Administrative Review Initiation** (71 FR 51573, August 30, 2006) **Administrative Review Partial Rescission** (72 FR 11325, March 13, 2007) **Administrative Review Extension** (72 FR 16767, April 5, 2007) **Administrative Review Preliminary Determination** (72 FR 44106, August 7, 2007) **Administrative Review Final Results** (72 FR 70300, December 11, 2007)	Quimica Amtex.....2.51
07/01/06-06/30/07	**Administrative Review Initiation** (72 FR 48613, August 24, 2007) **Administrative Review Extension** (73 FR 14222, March 17, 2008) **Administrative Review Preliminary Determination** (73 FR 45937, August 7, 2008) **Administrative Review Final Result** (73 FR 72026, November 26, 2008)	Quimica Amtex.....1.44
07/01/07-06/30/08	**Administrative Review Initiation** (73 FR 50308, August 26, 2008) **Administrative Review Preliminary Determination** (74 FR 16359, April 10, 2009) **Administrative Review Extension** (74 FR 39054, August 5, 2009) **Administrative Review Final Result: Calculations Changed**[1] (74 FR 52178, October 9, 2009)	Quimica Amtex.....2.94
07/01/08-06/30/09	**Administrative Review Initiation** (74 FR 42873, August 25, 2009) **Administrative Review Preliminary Determination** (75 FR 33775, June 15, 2009) **Administrative Review Extension** (75 FR 14422, March 25, 2010) **Administrative Review Final Result** (75 FR 62100, October 7, 2010)	Quimica Amtex.....0.83

[1] Following allegations from Quimica Amtex that the Department of Commerce failed to convert pounds to kilograms for certain sales, changes were made to the margin calculations from the preliminary review investigation to correct for the clerical errors. 74 FR 52178

Source: Cited Federal Register notices.

Table I-4
Carboxymethylcellulose: Commerce's final AD determination, AD order, and AD administrative reviews for the Netherlands

Period	Type of proceeding and date results published	Weighted-average margin (*percent ad valorem*)
12/27/04-06/25/05	**Final determination** (70 FR 28279, May 17, 2005) **AD order** (70 FR 39734, July 11, 2005)	Noviant B.V.....14.88 Akzo Nobel.....13.39 All others 14.57
12/27/04-06/30/06	**Administrative Review Initiation** (71 FR 51573, August 30, 2006) **Administrative Review Partial Rescission** (72 FR 11325, March 13, 2007) **Administrative Review Extension** (72 FR 16767, April 5, 2007) **Administrative Review Preliminary Determination** (72 FR 44106, August 7, 2007) **Administrative Review Final Results** (72 FR 70821, December 13, 2007)	CP Kelco B.V.....4.59
07/01/06-06/30/07	**Administrative Review Initiation** (72 FR 48613, August 24, 2007) **Administrative Review Partial Rescission** (72 FR 64582, November 16, 2007) **Administrative Review Extension** (73 FR 14436, March 18, 2008) **Administrative Review Preliminary Determination** (73 FR 45937, August 7, 2008) **Administrative Review Final Result** (73 FR 75393, December 11, 2008)	CP Kelco B.V.....7.02
07/01/07-06/30/08	**Administrative Review Initiation** (73 FR 50308, August 26, 2008) **Administrative Review Partial Rescission** (73 FR 66841, November 12, 2008) **Administrative Review Extension** (74 FR 14959, April 2, 2009) **Administrative Review Preliminary Determination** (74 FR 24823, May 26, 2009) **Administrative Review Extension** (74 FR 48715, September 24, 2009) **Administrative Review Final Result** (74 FR 52742, October 14, 2009)	CP Kelco B.V.....24.23
07/01/08-06/30/09	**Administrative Review Initiation** (74 FR 42873, August 25, 2009) **Administrative Review Extension** (75 FR 15678, March 30, 2010) **Administrative Review Final Result** (75 FR 77829, December 14, 2010)	Akzo Nobel.....9.06 CP Kelco B.V.....2.64

Source: Cited Federal Register notices.

Table I-5
Carboxymethylcellulose: Commerce's final AD determination, AD order, and AD administrative reviews for Sweden

Period	Type of proceeding and date results published	Weighted-average margin (*percent ad valorem*)
12/27/04-06/25/05	**Final determination** (70 FR 28279, May 17, 2005) **AD order** (70 FR 39734, July 11, 2005)	Noviant AB.....25.29 All others 25.29
12/27/04-06/30/06	**Administrative Review Initiation** (71 FR 51573, August 30, 2006) **Administrative Review Partial Rescission** (72 FR 11325, March 13, 2007) **Administrative Review Extension** (72 FR 16767, April 5, 2007) **Administrative Review Preliminary Determination** (72 FR 44106, August 7, 2007) **Administrative Review Final Results** (72 FR 69667, December 10, 2007)	CP Kelco AB.....3.84
07/01/06-06/30/07	**Administrative Review Initiation** (72 FR 48613, August 24, 2007) **Administrative Review Extension** (73 FR 14436, March 18, 2008) **Administrative Review Preliminary Determination** (73 FR 45703, August 6, 2008) **Administrative Review Final Result: Calculations Changed**[1] (73 FR 75395, December 11, 2008)	CP Kelco AB.....5.88
07/01/07-06/30/08	**Administrative Review Initiation** (73 FR 50308, August 26, 2008) **Administrative Review Rescinded** (73 FR 56553, September 29, 2009)	No review completed

[1] Following the discovery of a clerical error in the preliminary administrative review for this period, the margins were changed to correct the error in the final results. 73 FR 75395

Source: Cited Federal Register notices.

Five-Year Reviews

Commerce issued the final results of its expedited reviews for Finland, the Netherlands, and Sweden, and the final results of its full review with respect to Mexico. Table I-6 presents the dumping margins calculated by Commerce in its original investigations and first reviews.

Table I-6
Purified CMC: Commerce's original and five-year review dumping margins by source and firm

Manufacturer/exporter	Original margins (*percent ad valorem*)	First five-year review margins (*percent ad valorem*)
Finland		
Noviant OY/CP Kelco OY	6.65[1]	6.65
All others	6.65	6.65
Mexico		
Quimica Amtex, S.A. de C.V.	12.61	12.61
All others	12.61	12.61
Netherlands		
Akzo Nobel Surface Chemistry	13.39	13.39
Noviant BV/CP Kelco BV	14.88	14.88
All others	14.57	14.57
Sweden		
Noviant AB/ CP Kelco AB	25.29[1]	25.29
All others	25.29	25.29

[1] Based on Commerce's use of adverse facts available, as the respondent firm failed to provide information requested.

Source: Commerce's final determinations of sales at LTFV (70 FR 28275, 28278, 28279, and 28280, May 17, 2005). Commerce's five-year review determinations for Finland, Netherlands, and Sweden, 75 FR 61700 (October 6, 2010); Commerce's five year review determination for Mexico, 76 FR 4865 (January 27, 2011).

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

The Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA") (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.[10] During the review period, qualified U.S. producers of purified CMC were eligible to receive disbursements from the U.S. Customs and Border Protection ("Customs") under CDSOA relating to the orders covering the subject merchandise beginning in Federal fiscal year 2005.[11] Table I-7 presents CDSOA disbursements for Federal fiscal years 2005-10, by source, for the sole domestic producer, Aqualon.[12]

[10] Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)). The Deficit Reduction Act of 2005 repealed the CDSOA with respect to duties on entries of goods made and filed on or after October 1, 2007. *See* Pub. L. No. 109-171, 120 Stat. 4, 154 (2006).

[11] 19 CFR 159.64 (g).

[12] The Federal fiscal year begins on October 1 and ends on September 30 of the next calendar year.

Table I-7
Purified CMC: Industry CDSOA disbursements, by source, Federal fiscal years 2005-10

Fiscal year	Finland	Mexico	Netherlands	Sweden	Annual Total
			Amount dispersed (*dollars*)		
2005	0	0	0	0	0
2006	0	0	0	0	0
2007	6,198	0	744,989	405,581	1,156,768
2008	0	0	0	0	0
2009	426,277	0	702,455	340,977	1,469,708
2010	626,327	0	388,220	15,171	1,029,718
Country Total	1,058,802	0	1,835,664	761,729	3,656,194

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

Source: Custom's *CDSOA Annual Reports* for disbursement and claims data for 2005-10 at http://www.cbp.gov/xp/cgov/trade/priority_trade/add_cvd/cont_dump/, retrieved January 7, 2011.

THE SUBJECT MERCHANDISE

Commerce's Scope

The imported product subject to the antidumping duty orders under review, as defined by Commerce in its original orders and its five-year review determinations, is as follows:[13]

> *All purified carboxymethylcellulose (CMC), sometimes also referred to as purified sodium CMC, polyanionic cellulose, or cellulose gum, which is a white to off-white, non-toxic, odorless, biodegradable powder, comprising sodium carboxymethylcellulose that has been refined and purified to a minimum assay of 90 percent. Purified CMC does not include unpurified or crude CMC, CMC Fluidized Polymer Suspensions, and CMC that is cross-linked through heat treatment. Purified CMC is CMC that has undergone one or more purification operations which, at a minimum, reduce the remaining salt and other by-product portion of the product to less than ten percent.*

Tariff Treatment

During the period of investigation, purified CMC was imported under Harmonized Tariff Schedule of the United States ("HTS") statistical reporting number 3912.31.00, a residual or "basket" category which included crude and cross-linked CMC products in addition to purified CMC. Effective January 1, 2005, imports of CMC of a purity level of at least 90 percent were separately reported under statistical reporting number 3912.31.0010 with all other CMC products reported under statistical reporting number 3912.31.0090. Statistical reporting number 3912.31.0010 includes not only purified

[13] Commerce's final five-year review determinations (75 FR 61700, October 6, 2010, and 76 FR 4865, January 27, 2011).

CMC corresponding to the scope of these reviews but also cross-linked CMC.[14] A column 1-general duty rate of 6.4 percent *ad valorem* is applicable to imports of purified CMC from Finland, the Netherlands, and Sweden, and a special duty rate of "free" is applicable to eligible goods of Mexico under NAFTA. Table I-8 presents current tariff rates for purified and other CMC.

Table I-8
Purified CMC: Tariff rates, 2011

		General[1]	Special[2]	Column 2[3]
HTS provision	**Article description**	**Rates *(ad valorem)***		
3912	Cellulose and its chemical derivatives, not elsewhere specified or included, in primary forms:			
	Cellulose ethers:			
3912.31.00	Carboxymethylcellulose and its salts	6.4 %	Free (A, AU, BH, CA, CL, E, IL, J, JO, K, MA, MX, OM, P, PE, SG)	66.0 %
3912.31.0010	Containing not less than 90 percent by weight of carboxymethylcellulose			
3912.31.0090	Other			

[1] Normal trade relations, formerly known as the most-favored-nation duty rate, applicable to imports from Finland, Netherlands, and Sweden. Products of Mexico for which NAFTA benefits are not claimed or available under program rules also receive the general duty rate.

[2] Special rates apply to imports of CMC from certain trading partners to the United States as follows: A+ (GSP) GSP expired on December 31, 2010; AU (United States-Australia Free Trade Agreement; BH (United States-Bahrain Free Trade Agreement Implementation Act); CA and MX (North American Free Trade Agreement); CL (United States-Chile Free Trade Agreement); E (Caribbean Basin Economic Recovery Act); IL (United States-Israel Free Trade Area); J (Andean Trade Preference Act); JO (United States-Jordan Free Trade Area Implementation Act); K (Agreement on Trade in Pharmaceutical Products; MA (United States-Morocco Free Trade Agreement Implementation Act); OM (United States-Oman Free Trade Agreement Implementation Act; P (Dominican Republic-Central America-United States Free Trade Agreement Implementation Act); PE (United States-Peru Trade Promotion Agreement Implementation Act); SG (United States-Singapore Free Trade Agreement).

[3] Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

Source: Harmonized Tariff Schedule of the United States (2011).

[14] Changes to the statistical reporting for higher-level purity CMC resulted from a request by Aqualon for a segregated HTS number for the subject purified CMC product. Aqualon statistical reporting request, July 26, 2004. Aqualon's request for a further subdivision of higher-level purity CMC to segregate cross-linked CMC from purified CMC was denied.

Physical Characteristics and Uses

Carboxymethylcellulose is the principal member of a family of anionic water-soluble cellulose ethers. CMC is also commonly referred to as sodium carboxymethylcellulose, cellulose sodium glycolate, or cellulose gum. CMC is a water-soluble polymer, soluble in either hot or cold water. Solubility is achieved as the degree of substitution ("DS") reaches a value of 0.6, meaning 60 percent of the glucose units (that make up the cellulose backbone) are attached to carboxymethyl groups.[15] CMC is a white to off-white, odorless, granular solid to fine powder.[16]

Several different CMC materials are produced commercially, including a crude CMC product also known as "technical grade CMC" (generally associated with purity levels below 80 percent and produced by not subjecting the initial reaction product to a purification process), a semi-purified grade CMC (produced by withdrawing the CMC from the purification process before it has reached a "purified" state (generally from 80 to 95 percent purity)), and a "purified CMC" that meets all requirements for incorporation into products for human consumption.[17] In addition, FPS CMC is a patented Aqualon product that is essentially a purified CMC in a liquid or fluid form at a high concentration, primarily for those companies that prefer to use a liquid as opposed to a powder.[18]

Also, another commercially available CMC material known as croscarmellose, or cross-linked carboxymethyl cellulose, appears in many of the same products which use purified CMC. However, this is a product with different physical and performance characteristics, that is not used for the same functions as the subject product. The cross-linking reduces water solubility while still allowing the material to swell and absorb many times its weight in water.[19] As a result, it is used in pharmaceutical applications as an inert non-pharmacologically active ingredient owing to its ability to provide improved drug dissolution and disintegration characteristics, thus improving the pharmacological effects of the

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[15] *Purified Carboxymethylcellulose From Finland, Mexico, Netherlands, and Sweden, Investigations Nos. 731-TA-1084-1087 (Final),* USITC Publication 3787, June 2005, p. I-6; Kirk-Othmer Encyclopedia of Chemical Technology (5th Edition Volume 5), Cellulose Ethers, p. 449.

[16] Ashland Safety Data Sheet dated 04/02/2010, product name Aqualon® CMC 7H3SX8F PH Sodium Carboxymethylcellulose, Hercules Material Safety Data Sheet dated 10/30/2002, product name Aqualon® Cellulose Gum (CMC Purified), and S & G Resources Material Safety Data Sheet dated January 2002, product name sodium carboxymethyl cellulose, sodium CMC: cellulose, or carboxymethyl ether, sodium salt.

[17] There are different levels of purity used to define the crude, semi-purified and purified grades of CMC among the different producers. However, the producers agree that any product that is acceptable for human consumption (above the 99.5 percent purity level) is a "purified CMC," and that any product not subject to any purification process (less than 80 percent purity) is crude CMC. However, the CMC product withdrawn from the purification process before it has reached the 99.5 percent purity level appears to be considered purified CMC if it can be used in applications that require a purified CMC based on performance standards, but are not bound by regulation to the 99.5 percent level of purity. The CMC product that does not meet this performance standard for use in these applications by itself would be classified as semi-purified, with its purity levels defined as 80-90 percent by some producers and 85-95 percent by others. *Purified Carboxymethylcellulose From Finland, Mexico, Netherlands, and Sweden, Investigations Nos. 731-TA-1084-1087 (Final),* USITC Publication 3787, June 2005, p. I-6.

[18] *Purified Carboxymethylcellulose From Finland, Mexico, Netherlands, and Sweden, Investigations Nos. 731-TA-1084-1087 (Final),* USITC Publication 3787, June 2005, p. I-7.

[19] "Super Disintegrants: Characterization and Function," *Encyclopedia of Pharmaceutical Technology*, October 2, 2006 and Responses of Akzo Nobel to the Commission Staff's Posthearing Questions for Inv. Nos. 731-TA-1084-1087 (Review), 1.

active ingredient.[20] Croscarmellose has also been reported to have resolved other pharmaceutical formulators' concerns relating to the stability of the final product.[21]

In addition to its pharmacologic uses, croscarmellose is used in table-top sweetener tablets and dietary food supplements because it easily disintegrates in aqueous solutions.[22] Hydrogel solutions of the cross-linked carboxymethyl cellulose have also been used as an alternative fill material for breast implants and as a potential soft-tissue augmentation in plastic surgery applications.[23]

A variation of cross-linked CMC produced by Amtex ***[24]

Applications for CMC span a wide range of products and industries. CMC is a thickening agent and purified CMC is a stabilizer in foods, particularly in dairy products such as ice cream, yogurt, and milk drinks. Other food applications include beverages, syrups, baked goods, and pet foods. Foods accounted for approximately 29.9 percent of domestic shipments of all CMC in 2004, down from 37.9 percent in 2002[25] and 38.7 percent of domestic shipments of purified CMC in 2009.[26] [27] The second major use for CMC is in oilfield drilling fluids, accounting for about 34.0 percent of domestic shipments of all CMC in 2004 compared to 16.6 percent in 2002.[28] During the period of review, oilfield applications accounted for 29.7 percent of reported domestic shipments of purified CMC in 2005; however, oilfield use decreased irregularly over the period of review to 14.3 percent in 2009.

Personal care product uses for purified CMC include use in toothpaste as a thickener and in denture adhesives as an adhesion promoter. Pharmaceutical uses involve use as a granulation aid and binder in tablet preparation, and as a stabilizer and thickener in ointments and lotions. Together these industries accounted for about 10 percent of U.S. shipments of purified CMC in 2004 compared to 11.9 percent in 2002.[29] During the period of review these two industries accounted for about 12.9 percent of U.S. shipments of purified CMC in 2005 before decreasing irregularly to 12.7 percent in 2009.

Other major industrial consumers that use purified CMC for its properties as a binder and thickener include producers of paper, the ceramics industry, and the textiles industry. Although lessening in importance in recent years, crude/unrefined CMC is still used in laundry detergents as a soil antiredeposition aid. The primary use for the CMC FPS is in the paper coating industry, since the liquid product provides "higher coatings solids."[30]

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[20] "Super Disintegrants: Characterization and Function," op. cit.

[21] Ibid.

[22] Ibid.

[23] "Carboxy-methyl-cellulose Hydrogel-Filled Breast Implants - An Ideal Alternative? A Report of Five Years' Experience with this Device," *Canadian Journal of Plastic Surgery,* Autumn 2006, 14(3): 151-154 and Leonardis, Palange, Dornelles, et al., "Use of Cross-linked Carboxymethyl Cellulose for Soft-Tissue Augmentation: Preliminary Clinical Studies," *Clinical Interventions in Aging*, November 2010, 317-322.

[24] Amtex's "Response to the Additional Questions of the Commission," 2.

[25] USITC Publication 3787, p. I-7.

[26] The Innovation Group, "Chemical Profiles: CMC," updated October 20, 2008, found at http://www.the-innovation-group.com/ChemicalProfiles/CMC.htmPage. Chemical Profiles are published in *ICIS Chemical Business.*

[27] "Carboxymethyl cellulose." updated October 20, 2008. Chemical profiles compiled by The Innovation Group and published in *ICIS Chemical Business*, Vol. 274, Issue 15, October 20, 2008. 40-1. Found at http://web.ebscohost.com/ehost/detail?hid=105&sid=5576eb08-e5a3-4ca6-94ba-d9d06d37a0bb%40sessionmgr112&vid=7&bdata=JnNpdGU9ZWhvc3QtbGl2ZQ%3d%3d#db=bth&AN=35007293.

[28] USITC Publication 3787, p. 1-7.

[29] Ibid.

[30] Ibid.

Data gathered during the original investigations and five-year reviews regarding end uses of purified CMC are presented in the following tabulation:

Item	Calendar years								Jan.-Sept.	
	2002	2003	2004	2005	2006	2007	2008	2009	2009	2010
	Share of total U.S. shipments quantity (*percent*)									
Food	37.9	32.1	29.9	24.9	23.5	24.7	26.6	38.7	39.4	29.6
Personal care	11.9	10.6	10.0	12.9	10.9	8.7	8.2	12.7	11.5	10.6
Paper & board	18.3	17.5	15.9	16.9	16.7	15.9	14.7	20.1	19.3	17.1
Oilfield	16.6	27.7	34.0	29.7	33.8	35.2	36.5	14.3	14.6	27.9
Other	15.3	12.1	10.2	15.6	15.1	15.5	14.0	14.2	15.2	14.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Compiled from data submitted in response to Commission questionnaires.

During the original investigations, the data indicate that food applications were the principal use of purified CMC during 2002 but this sector's share of shipments declined during 2002-04, as shipments for oilfield applications rose during the period of original investigations, becoming the principal use during 2004.[31] During the period of review, oilfield applications rose during 2005 to 2008 and fell in 2009, as use for food applications increased irregularly to become the principal use in 2009.

Certain products in which purified CMC is used may each have precise requirements relating to both general characteristics, such as the average level of purity, and more specific characteristics (that may be interrelated) such as degree of solubility, degree of substitution, length of the CMC polymer, and concentrations of specific contaminants. Such requirements may be subject to regulation, in the case of end-use products for human consumption, or related to maximizing the effectiveness of an end-use product while also maximizing production-cost efficiencies.

Manufacturing Process

CMC is derived from wood cellulose and from cotton in a reaction with alkali and chloroacetic acid.[32] The production process involves a swelling of the wood or cotton fibers using caustic soda (sodium hydroxide) to allow better penetration of the reaction mix. The open cellulosic fibers are etherified by exposing them to monochloracetic acid. The byproducts of the reaction, primarily sodium glycolate and sodium chloride, accounting for 30-40 percent of the resulting reaction mixture, are removed in a series of alcohol washes and separations. In the original investigations, Aqualon argued that the purification process washes out the majority of those impurities, such that one round of purification will result in a product that is approximately 90 percent pure CMC.[33] After purification is complete, the particle size of the CMC is adjusted using physical means such as grinding, sieving and agglomeration.

[31] *Purified Carboxymethylcellulose From Finland, Mexico, Netherlands, and Sweden, Investigations Nos. 731-TA-1084-1087 (Final),* USITC Publication 3787, June 2005, p. I-7.

[32] Chaplin, "Carboxymethylcellulose (CMC)." 2009.

[33] USITC Publication 3787, June 2005, I-8.

For production of the crude CMC, the product is not subject to the various washes and separations that produce the purified CMC, and as a result is less expensive.[34]

The most common cross-linked CMC product, croscarmellose, is produced by further processing purified CMC, first by acidifying a suspension of the product, and then heating the suspension to achieve the cross-linking.[35] ***.[36]

Akzo reports that the production of cross-linked CMC can take place on the same equipment used for the production of purified CMC, although a clean-out of the complete production line is required before production of purified CMC can resume.[37] Akzo generally uses *** at its Ardheim facility for production of cross-linked CMC.[38]

During the original investigations and in these reviews, petitioner and respondents both reported that most, if not all, producers use a continuous flow process for the production of both crude and purified CMC. Both petitioner and respondents agreed that any equipment used in grinding, sieving, and agglomerating crude CMC cannot also be used to produce a purified product, owing to the risk of contamination. Although the same equipment is used at the reaction stage to produce crude and purified CMC.[39] Further, grinding, sieving, and agglomerating production lines once used for crude CMC cannot economically be restored to a clean enough status so that a purified product could ever be produced on those lines.[40]

The production process is such that the desired CMC material (whether crude or purified) is not obtained in a usable form until the product is isolated at the end of the entire production scheme. Once a manufacturer has decided to produce a certain quantity of purified CMC meeting specific characteristics, it will not stop the production process to remove crude CMC, at the risk of affecting the purity of the final purified CMC product. Moreover, a manufacturer cannot increase its output of purified CMC simply by increasing its production of crude CMC because inadequate capacity to purify the crude CMC acts as a bottlenect on any additional production of purified CMC.[41]

With respect to CMC FPS, its manufacturing process reportedly is similar to that of purified CMC. Aqualon uses dry CMC from the purified CMC production process and incorporates the dry CMC into a fluidized polymer suspension with the necessary stabilization behavior using separate and additional processing equipment.[42]

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[34] Ibid., I-8.

[35] D.J. Benford, "Cross-linked Sodium Carboxymethyl Cellulose," *(JECFA Evaluation) World Health Organization Food Additives Series: 50*, retrieved on Feb. 23, 2011 from http://www.inchem.org/documents/jecfa/jecmono/v50je03.htm.

[36] Responses of Akzo Nobel to the Commission Staff's Posthearing Questions for Inv. Nos. 731-TA-1084-1087 (Review), 1.

[37] "Responses of Akzo Nobel to the Commission Staff's Posthearing Questions for Inv. Nos. 731-TA-1084-1087 (Review), 1.

[38] Responses of Akzo Nobel to the Commission Staff's Posthearing Questions for Inv. Nos. 731-TA-1084-1087 (Review), 1.

[39] USITC Publication 3787, June 2005, I-8; Responses to Commission's Posthearing Questions on Capacity, February 28, 2011, and March 4, 2011.

[40] Ibid., I-8.

[41] Hearing transcript, pp. 197-8 (Neeley); Responses to Commission's Posthearing Questions on Capacity, February 28, 2011, and March 4, 2011.

[42] USITC Publication 3787, pages I-8.

THE DOMESTIC LIKE PRODUCT

The Commission's determination regarding the appropriate domestic products that are "like" the subject imported product is based on a number of factors, including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

In its original determinations, the Commission defined the domestic like product as all purified CMC, as the term was defined in the scope of the investigations.[43] In its notice of institution in these current five-year reviews, the Commission solicited comments from interested parties regarding the appropriate domestic like product and domestic industry.[44] Three interested parties commented on the Commission's definitions of domestic like product and indicated that they agreed with the definitions of domestic like product and domestic industry as provided in the Commission's notice of institution.[45] No party requested that the Commission collect data concerning other possible domestic like products in the comments on the Commission's draft questionnaires. No other interested party provided further comment on the domestic like product.[46]

U.S. MARKET PARTICIPANTS

U.S. Producers

During the original investigations, one firm supplied the Commission with information on its U.S. operations with respect to purified CMC. The firm accounted for *** percent of U.S. production of purified CMC in 2004.[47] In these current proceedings, the Commission issued producers' questionnaires to two firms, one of which provided the Commission with information on its purified CMC operations. This firm, Aqualon, is believed to account for *** percent of U.S. production of purified CMC in 2009. The other firm, Penn Carbose, produces only technical-grade CMC and not purified CMC, according to Aqualon.[48] Aqualon's position on continuation of the orders, production location(s), related and/or affiliated firms, and share of reported production of purified CMC in 2009 is presented in table I-9 .

Table I-9
Purified CMC: U.S. producer, position on the orders, U.S. production locations, related and/or affiliated firms, and shares of 2009-10 reported U.S. production

Firm	Position on continuation of the orders	U.S. production location(s)	Parent Company	Share of production (*percent*)
Aqualon Co.	***	Hopewell, VA	Hercules Inc., Wilmington, DE	***
Source: Compiled from data submitted in response to Commission questionnaires.				

[43] Ibid., p. 6.

[44] *Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden,* 75 FR 30431, June 1, 2010.

[45] *Substantive Response* of Aqualon p. 8; *Substantive Response* of Akzo p.18; and *Substantive Response* of Amtex p. 12.

[46] Hearing transcript, p. 70 (Lebow).

[47] The U.S. producer that supplied the Commission with usable questionnaire information during the original investigations was Aqualon.

[48] *Substantive Response* of Aqualon, p. 4.

U.S. Importers

In the original investigations, 32 U.S. importing firms supplied the Commission with usable information on their operations involving the importation of purified CMC. Of the responding U.S. importers, domestic producer Aqualon accounted for *** percent of nonsubject and *** percent of total reported imports of purified CMC during 2004.

In these current proceedings, the Commission issued importers' questionnaires to 46 firms believed to be importers of purified CMC, as well as to the only known U.S. producer of purified CMC. Usable questionnaire responses were received from 22 companies, representing virtually all imports from Finland, Mexico, the Netherlands, and Sweden. Table I-10 lists all responding U.S. importers of purified CMC from Finland, Mexico, the Netherlands, Sweden, and all other sources and their import quantities. *** companies together accounted for *** percent of total imports in 2009: ***. *** importers accounted for *** percent of subject imports in 2009: ***. *** importers, *** accounted for *** percent of total nonsubject imports: *** of nonsubject imports in 2009.

Table I-10
Purified CMC: Reported U.S. imports, by firm and by source, 2009

* * * * * * *

U.S. importers responding to the questionnaires were located in Arizona, Delaware, Georgia (2), Illinois (2), Kansas, Michigan, Minnesota, New York (2), North Carolina, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas (5), and Virginia.

U. S. Purchasers

Thirty-six purchasers including 20 end users, 11 distributor/resellers, 2 blenders, 1 firm that classifies itself as both a blender and an end user, 1 firm that is both a distributor/reseller and a blender, and 1 firm that did not classify its status[49] submitted questionnaires. The reporting firms produce a variety of products using purified CMC including foods, beverages, pharmaceuticals and personal care products, or function as distributors/resellers to customers using purified CMC in these products as well as in oilfield applications. Six purchasers bought only U.S.-produced purified CMC during January 2005 through September 2010, while 15 firms purchased both the U.S. product and imports from one or more subject and/or nonsubject countries during this period. Of the 35 purchasers, 8 reported purchases from Finland, 8 reported purchases from Mexico, 17 reported purchases from the Netherlands, and 3 reported purchases from Sweden during the period. Table I-11 presents the purchaser names, location, type of firm, end uses for purified CMC purchased, and sources of purchases. Sixteen are located in the Midwest, nine are located in the South or Southwest, eight are located in the Northeast, and three are located on the West Coast.

Table I-11
Purified CMC: Purchaser names, location, type of firm, end uses, and source(s) of purchases

* * * * * * *

[49] This firm uses purified CMC in drink products.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table I-12 presents apparent U.S. consumption for both the original investigation and the review period and table I-13 presents U.S. market shares for the same periods.

Table I-12
Purified CMC: U.S. producer's U.S. shipments, U.S. shipments of imports, by sources, and apparent U.S. consumption, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Table I-13
Purified CMC: U.S. market shares, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

Introduction

Purified CMC acts as a thickener, binder, stabilizer, protective colloid, and/or suspension agent, and is particularly useful as a flow-control aid in water-based solutions for a wide variety of applications. It is used in food products, personal care products, industrial and consumer products, pharmaceuticals, paper and paperboard production, building materials, paint, textiles, ceramics, and oil drilling.

Aqualon reported that ***. All 17 responding importers out of 22 importers, and all 28 responding purchasers out of 35 purchasers *** reported that overall demand for purified CMC has not been subject to any cyclical/seasonal fluctuations or product cycles .

Channels of Distribution

The majority of shipments of purified CMC by both the U.S. producer and importers of product from all sources went to end users throughout the period for which data were collected, as shown in table II-1. Mexico had the ***.

Table II-1
Purified CMC: Channels of distribution for domestic product and imports sold in the U.S. market, by source, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

The producer and importers of purified CMC were asked to report the share of purified CMC sold from inventory and the share produced to order during 2009 and also report the lead times for delivery under each category. The results are shown in table II-2 for Aqualon and importers reporting imports from Finland, Mexico, and the Netherlands.

Table II-2
Purified CMC: Share of product sold from inventory and produced to order and lead times for delivery for the U.S. producer Aqualon and importers from subject[1] countries during 2009

* * * * * * *

Producers and importers were asked to report the geographic areas in the United States served by their firms' commercial shipments of CMC during January 2005 through September 2010.[1] Aqualon reported that it sells ***. Of the four importers of product from Finland, three reported that they sell ***. Of the importers of product from Mexico, one reported that sales were ***, and the other reported that its sales regions included the ***. The one importer reporting sales of product from the Netherlands reported that its market region was ***. Responses from firms reporting sales of nonsubject imports indicate that the market region for nonsubject imports has been national including Alaska, Hawaii, Puerto Rico, and the U.S. Virgin Islands.

[1] No breakouts of regions were provided for imports from Sweden. Imports from Sweden were discontinued after 2008.

SUPPLY AND DEMAND CONSIDERATIONS

Supply

U.S. Supply

Based on available information, the U.S. producer, Aqualon, has the ability to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced purified CMC to the U.S. market. The main contributing factors to this degree of responsiveness of supply are ***.

Industry capacity

Aqualon's annual capacity was *** million pounds during 2005-09. During January-September 2009 and January-September 2010, Aqualon's capacity was *** million pounds. During 2005-09, Aqualon's capacity-utilization rates for purified CMC ranged from a low of *** percent in *** to a high of *** percent in ***. During January-September 2010, the rate was *** percent as compared to just *** percent in January-September 2009. This level indicates that Aqualon could expand output in response to a change in market conditions.

Alternative markets

During 2005-09, Aqualon's exports as a share of total shipments of purified CMC ranged from a low of *** percent in *** to a high of *** percent in ***. During January-September 2010, exports accounted for *** percent of its total shipments as compared to *** percent in January-September 2009. Aqualon *** ***.[2]

Inventory levels

During 2005-09, Aqualon's ratio of inventories to total shipments for purified CMC ranged from a low of *** percent in *** to a high of *** percent in ***. During January-September 2010, this ratio was *** percent as compared to *** percent in January-September 2009. These inventory levels also indicate that Aqualon could respond to a change in market conditions with an increased supply of purified CMC.

Production alternatives

Aqualon ***.

Subject Import Supply From Finland

Based on available information, CP Kelco, the only known producer of purified CMC from Finland ***.

[2] Aqualon's producer questionnaire response, question IV-24.

Industry capacity

CP Kelco's annual capacity was *** million pounds during 2005-09.[3] During January-September 2009 and January-September 2010, its capacity was *** million pounds. During 2005-09, Finland's capacity utilization rates ranged from a low of *** percent in *** to a high of *** percent in ***. During January-September 2010, the rate was *** percent as compared a level of just *** percent in January-September 2009. This level (interim 2010) indicates that CP Kelco has ***.

Alternative markets

During 2005-09, home market shipments in Finland for purified CMC ranged from a low of *** percent of total shipments in 2009 to a high of *** percent in 2006. During January-September 2010, home market shipments accounted for *** percent of total shipments. During 2005-09, CP Kelco's exports *** to markets other than the United States consistently accounted for *** percent of its total shipments. During January-September 2010, these markets accounted for *** percent of its total shipments as compared to *** percent in interim 2009. The *** for CP Kelco's exports.

Inventory levels

During 2005-09, CP Kelco's ratio of inventories to total shipments for purified CMC ranged from a low of *** percent in 2009 to a high of *** percent in 2005.[4] This inventory level indicates that CP Kelco ***.

Production alternatives

CP Kelco ***.

Subject Import Supply From Mexico

Based on available information, Amtex, the only known producer of purified CMC from Mexico, *** to respond to changes in demand with changes in the quantity of shipments of purified CMC to the U.S. market. Amtex's current ***.

Industry capacity

Amtex's annual capacity was *** million pounds during 2005-09. During January-September 2009 and January-September 2010, its capacity was *** million pounds. During 2005-09, The Mexican producer's capacity utilization rates ranged from a low of *** percent in *** to a high of *** percent in ***. During January-September 2010, the rate was *** percent as compared a level of just *** percent in January-September 2009. The level in 2010 indicates that Amtex ***.

Alternative markets

During 2005-09, Amtex's home market for purified CMC ranged from a low of *** percent of total shipments in 2005 to a high of *** percent in 2009. During January-September 2010, home market

[3] This capacity data is discussed in section IV.

[4] There was *** Finland inventory data reported for January-September 2009 or 2010.

shipments accounted for *** percent of total shipments. Most Mexican exports ***. During 2005-09, exports to markets other than the United States ***. During January-September 2010, ***.

Inventory levels

During 2005-09, Amtex's ratio of inventories to total shipments for purified CMC ranged from a low of *** percent in *** to a high of *** percent in ***. During January-September 2010, it was *** percent as compared to *** percent in January-September 2009. This inventory level indicates that Amtex ***.

Production alternatives

Amtex reported that ***.

Subject Import Supply From the Netherlands

Based on available information, the purified CMC industry in the Netherlands ***.[5]

Industry capacity

During the period of review, one of the two Dutch producers, CP Kelco reported plans to ***. Total annual capacity in the Netherlands was *** million pounds during 2005. Total capacity ***. During January-September 2010 Dutch capacity was *** million pounds as compared to *** million pounds in January-September 2009. During 2005-09, capacity utilization rates ranged from a low of *** percent in *** to a high of *** percent in ***. During January-September 2010, the rate was *** percent as compared to *** percent in January-September 2009. This level indicates that the Netherlands ***.

Alternative markets

During 2005-09, the Dutch home market for purified CMC ranged from a low of *** percent of total shipments in 2008 to a high of *** percent in 2009. During January-September 2010, home market shipments accounted for *** percent of total shipments as compared to *** percent in interim 2009. During 2005-09, exports from the Netherlands *** percent of total shipments. During January-September 2010, exports to these markets accounted for *** percent of total shipments compared to *** percent during January-September 2009. The *** for exports from the Netherlands.

Inventory levels

During 2005-09, the ratio of inventories to total shipments for purified CMC produced in the Netherlands ranged from a low of *** percent in *** to a high of *** percent in ***. These inventory levels indicate that the Netherlands ***. During January-September 2010, it was *** percent as compared to *** percent in January-September 2009.

[5] The data in this section concerns the Dutch industry in the aggregate only. Detailed breakouts of data for the two Dutch producers, Akzo and CP Kelco are presented in section IV.

Production alternatives

One producer of purified CMC in the Netherlands, CP Kelco, reported that *** used to produce purified CMC. The other, Akzo Nobel, reported that it *** used to produce purified CMC.

Subject Import Supply From Sweden

Production of purified CMC in Sweden has been discontinued. From 2005 to 2007, Swedish production capabilities remained constant at *** million pounds annually before ***.[6]

U.S. DEMAND

The demand for purified CMC is a derived demand that depends upon the demand for its end- use products including food, personal care products, cosmetics, pharmaceuticals, paper and paperboard, and oilfield applications. Because of the wide range of uses for purified CMC, the overall demand for this product is likely influenced by such macroeconomic variables as quarterly movements in the real gross domestic product and in personal consumption expenditures. As shown in figure II-1, real gross domestic product and personal consumption expenditures both increased in all quarters during 2005-07 and then decreased in the first quarter of 2008. They both increased slightly in the second quarter of 2008 and then declined from the third quarter of 2008 through the second quarter of 2009. Both measures increased in all quarters from July-September 2009 through October-December 2010. Another indicator of demand for purified CMC is the number of oil and natural gas drilling rigs in operation. As shown in figure II-2, the rig count increased irregularly from January 2005 through November 2008 and then decreased during each of the next six months to its lowest level in June 2009 before recovering throughout the remainder of 2009 and throughout 2010.

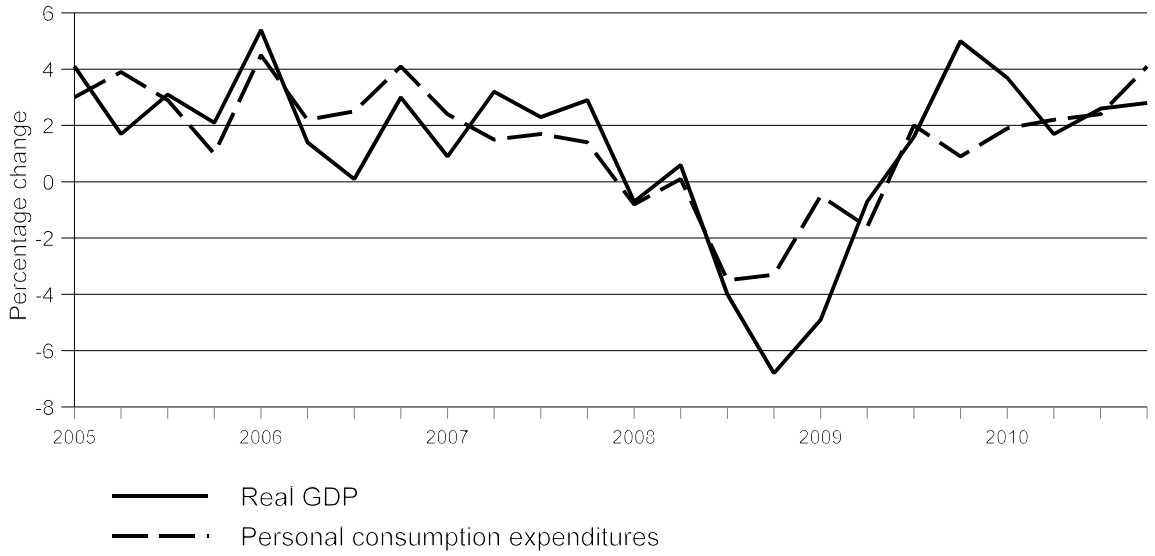
Apparent U.S. consumption of purified CMC increased annually from *** pounds in 2005 to *** pounds in 2008, then fell sharply to *** pounds in 2009. During January-September 2010 consumption was *** pounds as compared to *** pounds in January-September 2009.

The U.S. producer and importers were asked how total demand for purified CMC within the United States had changed during January-2005-September 2010. They were asked to indicate whether it had increased or decreased, remained unchanged, or fluctuated. Aqualon, the U.S. producer, reported that demand ***.[7] Among responding importers, two firms reported that demand had increased, seven reported that it had fluctuated, and four reported that it was unchanged. Firms reporting fluctuations in demand over the period frequently linked the fluctuations to volatility in the oilfield affecting demand. sector, a major market for purified CMC. The worldwide economic downturn was also cited as a factor.

[6] CP Kelco Sweden's foreign producer questionnaire response, exhibit 3.

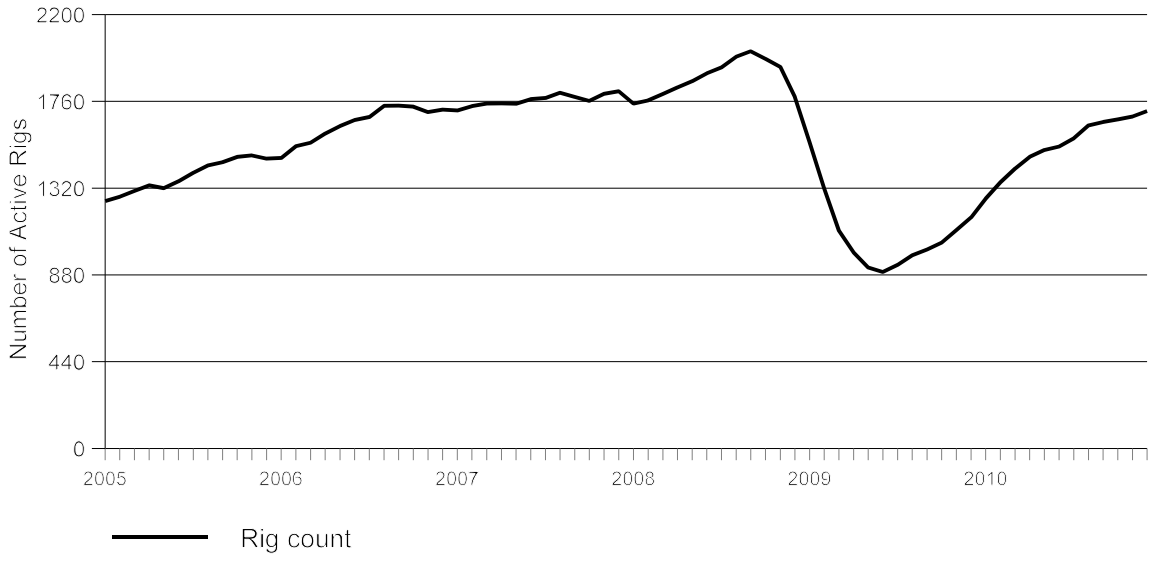
[7] Aqualon and the importers were also asked how total demand for purified CMC outside of the United States had changed during January-2005-September 2010. Aqualon reported that demand *** during this period. Among the six importers that responded to the question, three reported that demand outside of the United States had increased, and three reported that it had fluctuated. Growth in demand in Asia and other markets, fluctuations in oil prices, and the global recession during 2009 were all cited as factors that influenced demand during this period.

Figure II-1
Percent changes in real gross domestic product (GDP) growth and real personal consumption expenditures, by quarter, 2005-2010



Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Figure II-2
Rig counts: Number of drilling rigs actively exploring for or developing oil and natural gas in the United States, by month, 2005-2010



Source: Compiled from Baker Hughes data, U.S. monthly averages, 2005-2010.

Purchasers were also asked a similar question concerning demand within the United States. They were asked to report whether demand had increased, decreased, remained unchanged, or fluctuated since 2005.[8] Of the 24 responding purchasers, 5 reported an increase, 4 reported a decrease, 10 reported no change, and 5 reported that it had fluctuated. Two purchasers reporting an increase in demand stated that the market for purified CMC typically grows at a 3 to 5 percent annual rate. One purchaser reporting fluctuations in demand reported that its sales are impacted by activity in the oil industry. Another purchaser reporting fluctuations in demand reported that demand is influenced by general economic conditions.

The producer and the importers were also asked whether they anticipated any future changes in total demand for purified CMC within the United States.[9] Aqualon anticipates an increase in future demand. While it expects that demand will follow standard annual market growth, it is also working on CMC applications for new markets that it hopes will lead to additional growth of 1 to 2 percent annually. Among 13 importers that responded to the question, 7 reported that they expect changes in demand and 6 reported that no change is anticipated. Importers expecting changes in demand reported that potential growth would depend on such factors as levels of growth in the U.S. economy and the level of oilfield drilling activity. One importer estimated that future demand will increase at a 2 to 4 percent annual rate.

In a similar question purchasers were asked whether demand for purified CMC in the United States was likely to increase, decrease, fluctuate, or remain unchanged in the future.[10] Among the 24 responding purchasers, 5 reported that demand was likely to increase, 5 reported that it was likely to decrease, 5 reported that it was likely to fluctuate, and 9 reported that it would probably remain unchanged. Two of the purchasers that expect an increase in demand projected a growth rate of 3 to 5 percent annually. One purchaser that expects a decrease in demand reported that customers are likely to switch to substitutes because of higher CMC prices. Some purchasers expecting fluctuations in demand attribute this variability to oilfield activity and general economic conditions.

Substitute Products

When asked whether substitutes for purified CMC exist, responses were varied. While a majority of questionnaire respondents answered “no” or indicated that they did not know, Aqualon and several importers and purchasers listed substitutes for certain applications.[11] Substitutes frequently cited were: guar gum for use in food, pet food, and mining; xanthan gum for food, oral care, oil fields, and mining; starches and modified starches for oil field drilling fluids; and crude/unrefined or technical CMC for

[8] In addition to this question, purchasers were also asked how demand for purified CMC outside of the United States had changed since 2005. Of the 18 purchasers that responded to the question, 2 reported that demand had increased, 3 reported that it had decreased, 2 reported that it had fluctuated, and 11 reported that it was unchanged.

[9] Aqualon and the importers were also asked whether they anticipated any future changes in total demand for purified CMC outside of the United States. Aqualon answered ***. Among the 10 responding importers, 4 answered yes and 6 answered no. Firms expecting changes in demand reported that the changes will be due to volatility in oil prices and increased demand in major end-use markets for purified CMC in Asia and Europe.

[10] Purchasers were also asked whether demand for purified CMC outside the United States was likely to increase, decrease, fluctuate or remain unchanged in the future. Of the 19 purchasers that responded to the question, 4 indicated that demand was likely to increase, 3 reported that it was likely to decrease, 2 reported that it was likely to fluctuate, and 10 reported that it was likely to remain unchanged.

[11] Amtex reported that xanthan gum and guar gum and other products can be substituted for purified CMC in some food and other applications (Amtex’s posthearing brief, pp. 20-21). ***.

paper, paperboard tissue, drilling, and paint.[12] Other products mentioned included enzymes in food, carboxymethylstarch and carboxymethylguar for oil drilling, carrageenan for food and toothpaste, hydroxypropylmethylcellulose, polyvinylpyrroline (PVP) for textile care, and locust bean gum for food.

The majority of importers and purchasers that listed substitutes for purified CMC reported that changes in the prices of these substitutes have not affected the price and/or quantity of purified CMC during January 2005-September 2010. However, one importer (***) reported that decreases in the prices of xanthan gum and guar gum over a period of years has enabled some substitution of these products in place of purified CMC in food applications. In addition, some substitution of carboxymethylstarch and carboxymethylguar for purified CMC has occurred in the drilling industry and some substitution of cross-linked CMC in place of purified CMC has occurred in certain food applications. *** also reported that pricing considerations make it possible to substitute technical CMC for purified CMC in paper production. Another importer (***) reported that guar gum and xanthan gum have been substituted for purified CMC in mining applications, and starch has been substituted in drilling applications. One purchaser (***) also reported that it has substituted guar gum and enzymes in certain food applications due to price considerations. Another purchaser (***) reported that some substitution of guar gum in place of purified CMC in food and pet food applications has occurred due to increases in CMC prices.

Cost Share

The U.S. producer, importers, and purchasers were asked questions concerning the cost share of purified CMC as a percentage of downstream products during January 2005-September 2010. Aqualon estimated that purified CMC accounted for *** percent of the cost of food; *** percent of the cost of personal care products, cosmetics, pharmaceutical, and paper and paperboard; *** percent of the cost in oilfield applications; and *** percent in all other applications, based on its sales during the specified period. Cost share estimates by importers and end-use purchasers varied widely, depending on the downstream products. For most food-oriented products including sausage casings, tortilla flour, cocoa, heavy cream, juice drinks, and soluble drink mixes, the cost share was ***.[13] For tooth paste the cost share was *** percent and for denture adhesives it was *** to *** percent. For personal care and pharmaceutical products in general, the cost share estimates ranged from less than *** percent to as much as *** percent. For paper products the costs ranged from less than 1 percent to as much as *** percent. The cost share in gravy for pet foods was estimated at *** percent and for scoopable cat litter at *** percent. For drilling mud, the cost share was estimated at less than 10 percent.

SUBSTITUTABILITY ISSUES

The degree of substitutability between domestic products and subject imports, between domestic products and nonsubject imports, and between subject and nonsubject imports is examined in this section. Much of the discussion is based on information obtained from questionnaire responses.

[12] Aqualon stated that there is some substitution among hyrdrocolloids at the margin, but each food additive has its own characteristics and function, and while some slight adjustments to formulas are possible, complete substitution is not. Aqualon reported that it *** (Aqualon's posthearing brief, p. 11).

[13] For a certain spice blend called *** the cost share was *** percent.

Purchasers

Thirty-six purchasers including 20 end users, 11 distributor/resellers, 2 blenders, 1 firm that classifies itself as both a blender and an end user, 1 firm that is both a distributor/reseller and a blender, and 1 firm that did not classify its status[14] submitted questionnaire responses. The reporting firms produce a variety of products using purified CMC including foods, beverages, pharmaceuticals and personal care products, or function as distributors/resellers to customers using purified CMC in these products as well as in oilfield applications. Six purchasers bought only U.S.-produced purified CMC during January 2005 through September 2010, while 15 firms purchased both the U.S. product and imports from one or more subject and/or nonsubject countries during this period. Of the 35 purchasers, 8 reported purchases from Finland, 8 reported purchases from Mexico, 18 reported purchases from the Netherlands, and 3 reported purchases from Sweden during the period. The reporting firms purchased a combined value of $30.6 million of purified CMC during 2009, an amount equal to approximately 31 percent of the value of U.S. apparent consumption in that year.

When asked to rank the three most important factors involved in purchasing decisions, the 33 responding purchasers most frequently listed availability, price or cost, and quality as the most important factors (table II-3). Quality was ranked first by 18 purchasers. Other factors mentioned included approved supplier, contracts, delivery, reliability of supply, and supplier performance.

Table II-3
Purified CMC: Ranking of factors used in purchasing decisions, as reported by U.S. purchasers

Factor	Number of firms reporting		
	Number one factor	Number two factor	Number three factor
Availability	1	11	5
Price or cost	6	6	14
Quality	18	3	3
Other[1]	8	12	9

[1] Other factors include approved supplier, contracts, delivery, reliability of supply, and supplier performance.

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were also asked whether their firm purchases purified CMC at the lowest possible price. Of the 36 responding purchasers, 1 answered “always,” 9 answered “usually,” 10 answered “sometimes,” and 16 answered “never.”

To examine further the importance of different factors in purchasing decisions, purchasers were asked to indicate whether the 15 factors listed in table II-4 were “very important,” “somewhat important,” or “not important” in their purchasing decisions. The factors most frequently ranked “very important” were availability (36 purchasers), product consistency (33 purchasers), and quality meets industry standards (32 purchasers), and reliability of supply (31 purchasers). Other important factors are price (29 purchasers) and delivery time (27 purchasers).

[14] This firm uses purified CMC in drink products.

Table II-4
Purified CMC: Importance of purchasing factors, as reported by U.S. purchasers

Factor	Very important	Somewhat important	Not Important
	Number of firms responding		
Availability	36	0	0
Delivery terms	21	11	2
Delivery time	27	7	0
Discounts offered	11	15	10
Extension of credit	11	16	9
Price	29	7	0
Minimum quantity requirement	8	22	3
Packaging	13	19	2
Product consistency	33	2	0
Quality meets industry standards	32	2	0
Quality exceeds industry standards	16	15	2
Product range	13	15	5
Reliability of supply	31	3	0
Technical support/service	16	15	3
U.S. transportation costs	9	18	6

Source: Compiled from data submitted in response to Commission questionnaires.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

To determine whether U.S.-produced purified CMC can generally be used in the same applications as subject imports from Finland, Mexico, the Netherlands, Sweden, and nonsubject countries, producers, importers, and purchasers were asked whether the product can "always," "frequently," "sometimes," or "never" be used interchangeably. A majority of questionnaire respondents reported that U.S.-produced products and imports from each of the subject countries can always or frequently be used interchangeably (table II-5). One importer (***) that has only imported CMC from the Netherlands reported that its imported product (produced by CP Kelco) was a specialized manufacturing product that was not interchangeable with U.S.-produced purified CMC or imports from other sources. Another importer (***) reported that the imported product from Mexico has a "comparative advantage" when used in *** and has a low interchangeability with products from other sources in that application. One purchaser (***) reported that purified CMC from China (a nonsubject country) is not always interchangeable with product from other sources due to variations in product quality. Another purchaser (***) reported that purified CMC from China, Finland, India, Mexico, and the Netherlands are all interchangeable for the grades that it uses in the United States. Another purchaser (***) that purchases imports from Finland and the Netherlands reported that it does not have qualified suppliers from Mexico, Sweden, or other countries.

Table II-5
Purified CMC: Perceived degree of interchangeability of product produced in the United States and imported from the subject countries, and sold in the U.S. market

Country pair	Number of U.S. producer's responses				Number of U.S. importers' responses				Number of U.S. purchasers' responses			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs.--												
Finland	***	***	***	***	2	5	1	0	2	5	2	0
Mexico	***	***	***	***	1	6	2	0	1	6	2	1
Netherlands	***	***	***	***	2	6	2	1	2	6	1	1
Sweden	***	***	***	***	0	6	1	0	0	6	0	0
Other countries	***	***	***	***	1	5	1	0	1	4	0	0
Finland vs.--												
Mexico	***	***	***	***	2	5	1	0	2	5	1	0
Netherlands	***	***	***	***	2	5	0	0	2	5	0	0
Sweden	***	***	***	***	0	5	0	0	0	5	0	0
Other countries	***	***	***	***	1	4	0	0	1	4	0	0
Mexico vs.--												
Netherlands	***	***	***	***	1	6	1	0	1	5	1	0
Sweden	***	***	***	***	0	5	1	0	0	5	1	0
Other countries	***	***	***	***	1	5	1	0	1	4	1	0
Netherlands vs.--												
Sweden	***	***	***	***	0	5	0	0	0	5	0	0
Other countries	***	***	***	***	1	5	0	0	1	4	0	0
Sweden vs.--												
Other countries	***	***	***	***	0	4	0	0	1	1	1	2

Note: A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

In addition to questions concerning interchangeability, questionnaire respondents were also asked if differences in factors other than price are “always,” “frequently,” “sometimes,” or “never” a factor in their sales of purified CMC. The U.S. producer, Aqualon, reported that factors other than price are *** a consideration in sales of purified CMC when comparing the United States with each of the subject countries, or when comparing the subject countries with each other and with other nonsubject countries (table-II-6). In contrast, a majority of importers and purchasers reported that factors other than price are “always” or “frequently” a factor in such comparisons. One importer (***) reported that imports from China lack technical support and the consistency needed for applications in the food industry. (***) reported that there are no longer any food-grade CMC factories located in Sweden, so material is unavailable from that region. Another purchaser (***) reported that it has previously purchased product from Finland, and has recently qualified the product from Mexico, but has become so satisfied with the U.S.-produced product due to *** that it does not see any reason to use anything else. Another purchaser (***) reported that purified CMC is more readily available from Mexico than from the Netherlands.

Table II-6
Purified CMC: Perceived importance of differences in factors other than price between product produced in the United States and that imported from the subject countries, and sold in the U.S. market

Country pair	Number of U.S. producer's responses				Number of U.S. importers' responses				Number of U.S. purchasers' responses			
	A	F	S	N	A	F	S	N	A	F	S	N
United States vs.--												
Finland	***	***	***	***	2	2	1	0	6	0	4	0
Mexico	***	***	***	***	1	2	2	1	7	1	4	0
Netherlands	***	***	***	***	2	1	3	0	6	0	5	1
Sweden	***	***	***	***	2	1	2	0	4	0	3	0
Other countries	***	***	***	***	2	2	3	0	4	0	2	0
Finland vs.--												
Mexico	***	***	***	***	2	2	1	1	4	0	2	1
Netherlands	***	***	***	***	1	1	2	1	4	0	1	1
Sweden	***	***	***	***	1	1	2	0	3	0	0	1
Other countries	***	***	***	***	2	2	2	0	3	0	1	0
Mexico vs.--												
Netherlands	***	***	***	***	2	2	1	1	5	1	1	0
Sweden	***	***	***	***	2	2	1	0	3	0	0	0
Other countries	***	***	***	***	1	3	2	1	3	0	1	0
Netherlands vs.--												
Sweden	***	***	***	***	1	1	2	0	3	0	0	1
Other countries	***	***	***	***	1	2	2	1	3	0	1	0
Sweden vs.--												
Other countries	***	***	***	***	1	1	1	0	3	0	1	0

Note: A = Always, F = Frequently, S = Sometimes, N = Never.

Source: Compiled from data submitted in response to Commission questionnaires.

Purchasers were also asked to compare U.S.-produced purified and imported purified CMC from subject and nonsubject countries with respect to the 15 selected characteristics listed in table II-7, noting whether the domestic product was superior, comparable, or inferior to the imported product.[15] Five purchasers compared the U.S.-produced product with imports from Finland in some or all of the characteristics listed. A majority of purchasers ranked the U.S.-produced product superior in delivery time and price. In all other characteristics, neither country was ranked either superior or inferior by a majority of purchasers. In the comparisons between the United States and Mexico, the products were ranked comparable in most characteristics, with neither country ranked superior or inferior by a majority of purchasers in any characteristic. In the comparison between the United States and the Netherlands, a majority of purchasers ranked the United States superior in delivery time. Neither the United States nor the Netherlands showed any clear-cut advantage in other characteristics. None of the purchasers compared product from the United States and Sweden. In the comparisons between the United States and nonsubject countries, the products were ranked comparable by a majority or plurality of purchasers in all characteristics.

[15] In addition to these comparisons, a few purchasers compared purified CMC between the subject countries. In this very limited sample, the products were generally rated as comparable with regard to most characteristics.

Table II-7
Purified CMC: Comparisons of U.S.-produced purified CMC with that imported from subject[1] countries and nonsubject countries,

Purchase factors	Number of purchasers' responses comparing the United States with--											
	Finland			Mexico			Netherlands			Nonsubject countries		
	S	C	I	S	C	I	S	C	I	S	C	I
Availability	2	1	2	1	4	2	2	1	1	2	3	1
Delivery terms	1	3	0	1	4	1	1	3	0	2	4	0
Delivery time	3	1	0	2	3	1	3	1	0	3	3	0
Discounts offered	0	3	1	0	5	0	0	2	1	0	5	1
Extension of credit	0	4	0	0	5	1	0	4	0	1	5	0
Price[2]	3	2	0	1	3	2	1	3	0	1	3	2
Minimum quantity requirements	0	5	0	0	6	0	0	4	0	2	4	0
Packaging	1	4	0	1	5	1	0	4	0	1	5	0
Product consistency	0	4	0	0	4	2	0	4	0	2	4	0
Quality meets standards	0	3	0	0	4	1	0	3	0	1	5	0
Quality exceeds industry standards	0	3	0	0	5	1	0	3	0	1	5	0
Product range	1	2	1	2	2	2	0	3	1	2	3	1
Reliability of supply	1	1	2	1	4	1	1	1	2	2	4	0
Technical support/service	1	2	1	1	3	1	1	2	1	2	3	1
U.S. transportation costs[2]	2	2	0	2	3	0	2	2	0	2	3	1

[1]There were no comparisons between U.S.-produced purified CMC and imports from Sweden.
[2]A rating of superior on price and U.S. transportation costs indicates that the first country generally has lower prices/U.S. transportation costs than the second country.

Note.--S=superior, C=comparable, and I=inferior.

Source: Compiled from data submitted in response to Commission questionnaires.

ELASTICITY ESTIMATES

This section discusses elasticity estimates; parties were encouraged to comment on these estimates in their briefs. None of the parties offered any suggested revisions to the staff's estimates.

U.S. Supply Elasticity

The domestic supply elasticity for purified CMC measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of purified CMC. The elasticity of domestic supply depends on several factors, including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced purified CMC. Analysis of these factors, particularly the existence of excess production capacity, indicates that the elasticity is likely to be in a moderate range of 1 to 3.

U.S. Demand Elasticity

The U.S. demand elasticity for purified CMC measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of purified CMC. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of purified CMC in the production of downstream products. Since the available information from questionnaire responses suggest that there are possible substitutes for this product in some applications, the demand elasticity is likely to be in a medium range of -0.75 to -1.25.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced purified CMC and imported CMC from the subject countries is likely to be in the range of 2 to 4.[16]

[16] It is likely that imports of purified CMC from Mexico are near the low end of the range since according to Amtex's importer questionnaire, ***.

PART III: U.S. PRODUCER'S OPERATIONS

Information on capacity, production, shipments, inventories, and employment is presented in this section of the report and is based on the questionnaire response of the sole U.S. producer of purified CMC, Aqualon, a Division of Hercules Inc., Wilmington, DE. Aqualon's U.S. production facilities for purified CMC are located in Hopewell, VA.[1] Aqualon is also affiliated with two foreign *** subsidiaries that produce purified CMC, in France and China.[2]

U. S. PRODUCER CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Aqualon's production, capacity, and capacity utilization data are presented in table III-1. Aqualon *** other products on the same equipment and machinery used in the production of purified CMC; purified CMC accounted for *** percent of the firm's total production of CMC in 2009.[3]

Table III-1
Purified CMC: U.S. capacity, production, and capacity utilization, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

In the original investigations, Aqualon's production quantity increased by about *** percent from 2002 to 2004. According to Aqualon, in 2003 the company made a conscious decision to regain market share at the expense of price and profit.[4] Aqualon's production quantity decreased irregularly, by *** percent, during the period of review. Production quantity increased by *** percent from 2005-07, then decreased by *** percent from 2007-09. Aqualon reported that ***.[5] According to Aqualon, it ***.[6]

U.S. PRODUCER'S DOMESTIC SHIPMENTS, COMPANY TRANSFERS, AND EXPORT SHIPMENTS

Table III-2 presents Aqualon's shipments during the original investigations and the period of review. During the original investigations, the unit value of Aqualon's U.S. commercial shipments of purified CMC fell by $*** per pound from 2002 to 2004; the correlating quantity of Aqualon's U.S. commercial shipments rose by *** percent. Aqualon's export shipments exhibited a pattern of decreasing

[1] Hercules began the U.S. CMC industry in 1945, then invested in its Hopewell, VA, facility in 1947 and has continuously produced CMC at Hopewell ever since that time. In the early days of the production of CMC, a few other U.S. producers entered the market but none stayed in the business for a long term. Hercules has been the sole U.S. producer of purified CMC since the mid-1970s. USITC Publication 3787, *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden (Investigation Nos. 731-TA-1084-1087 (Final))*, June 2005, p. III-1.

[2] The firms are: ***. Aqualon's producer questionnaire response, sections I-4 and I-6.

[3] Aqualon's producer questionnaire response, section II-5. ***. Staff telephone interview with ***, March 24, 2011.

[4] USITC Publication 3787, p. III-1, fn.5.

[5] Aqualon's producer questionnaire response, section II-2.

[6] Ibid.

unit values (by *** per pound) and export quantities **(**by *** percent) during the original investigations, with principal export markets in ***.[7]

Table III-2
Purified CMC: U.S. producer's shipments, by type, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

During the period of review, Aqualon's U.S. commercial shipments of purified CMC ***. Overall, U.S. commercial shipment quantity decreased irregularly by *** percent during 2005-09. However, U.S. commercial shipment quantity increased by *** percent during 2005-08 before decreasing *** percent during 2008-09. Post the ***, U.S. commercial shipment quantity rose by *** percent in interim January-September 2010 as compared to the January-September 2009 interim period. The unit values of U.S. commercial shipments rose *** by $***, from $*** in 2005 to $*** in 2009 before exhibiting a *** decrease of $*** in interim January-September 2010 as compared to interim January-September 2009.

Although the quantity of Aqualon's export shipments decreased irregularly by *** percent over the period of review, the corresponding unit value increased steadily by $***. Aqualon's export quantity increased from *** pounds to *** pounds, or by *** percent, from 2005 to 2006 before falling by *** percent to *** pounds in 2009. Export shipment quantity rose in interim January-September 2010 as compared to interim January-September 2009 while the analogous export shipment unit value decreased in interim January-September 2010 as compared with interim January-September 2009. Aqualon's principal export markets during the period of review were ***.[8]

U.S. PRODUCER'S INVENTORIES

Table III-3 presents data on Aqualon's inventories during the original investigations and the period of review. During the original investigations, Aqualon's inventory levels increased steadily, by *** percent, in response to increases in production and declines in internal consumption quantity and export shipment quantity. The ratios of end-of-period inventories to production, U.S. shipments, and total shipments decreased regularly during 2002-04.

Table III-3
Purified CMC: U.S. producer's end-of-period inventories, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

During the period of review, Aqualon's inventories fluctuated downward, by *** percent, from *** pounds in 2005 to *** pounds in 2009 and continued the downward trend with a decrease of *** percent in interim January-September 2010 as compared to January-September 2009. The ratios of end-of-period inventories to production, U.S. shipments, and total shipments reflect the same trend, decreasing from 2005-08 then increasing in 2009. A comparison of the January-September interim periods shows that the inventory to production ratio decreased by *** percentage points in January-September 2010 as

[7] Confidential Staff Report, *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden (Investigation Nos. 731-TA-1084-1087 (Final))*, June 2, 2005, p. III-3 and fn. 9.

[8] Aqualon's producer questionnaire response, section II-8.

compared with interim January-September 2009 while the inventory to U.S. and total shipments ratios decreased by *** and *** percentage points respectively in comparison of the interim periods.

U.S. PRODUCER'S IMPORTS

Data covering Aqualon's imports of purified CMC for the original investigations and the period of review are presented in table III-4. Aqualon imported purified CMC from an affiliated company, Hercules France BV, Alizay, France during the original investigations and from the same company under different ownership, Ashland Industries France SAS, Alizay, France during the period of review. Aqualon *** over the period of review. The U.S. and French plants are each used to supply the majority needs of their respective "home" markets. Aqualon reported no imports of purified CMC from Finland, Mexico, the Netherlands, or Sweden during the original investigations or the period of review. Aqualon supplies the U.S. purified CMC market primarily from Hopewell, VA. Aqualon does, however, import CMC from France *** ***.[9] Aqualon's imports from France increased irregularly, by *** percent, during 2005-09 from *** pounds in 2005 to *** pounds in 2009, peaking at *** pounds, or *** percent of U.S. production, in 2008. Aqualon's imports from ***.[10] According to Aqualon, ***.[11] Aqualon's nonsubject imports of purified CMC ranged from *** percent of its U.S. production during the original investigations and from *** percent of U.S. production during the period of review, ***. The ratios of Aqualon's imports to production fell in interim January-September 2010 as compared to interim January-September 2009.

Table III-4
Purified CMC: Aqualon's imports, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Akzo provided data generated from the Datamyne databank with details concerning French imports of Blanose (the brand name of Aqualon's food-grade purified CMC). Imports of Blanose were 1,728 metric tons (3,810 thousand pounds) in 2009, of which 950 metic tons (2,094 thousand pounds) contained the marking "***." According to Akzo, the grades related to this marking are those that fit the precise CMC specification of ***, and Akzo received verbal confirmation from *** that its U.S. facilities receive imports from Aqualon France. Akzo indicated that its estimate of total U.S. consumption of CMC by *** in 2009 was approximately 1,360 metric tons (2,998 thousand pounds) with the majority of ***'s U.S. CMC consumption in 2009 sourced from Aqualon's facility in France. Akzo reported that its purified CMC supply agreement with *** gives Akzo the ***; therefore, Akzo was made aware that *** was obtaining food-grade purified CMC at $*** per pound in 2009, a price it could not meet. Akzo opined that Aqualon imported substantial quantities of purified CMC at a very low price from its French facility in order to satisfy the demand of ***'s U.S. facilities and argued that Aqualon provided no verifiable data to indicate that it will discontinue this practice in the future.[12]

[9] Aqualon's importer questionnaire response (sections II-6 and II-7b).

[10] Aqualon's importer questionnaire response (sections II-6 and II-7b).

[11] Aqualon's importer questionnaire response (section II-6).

[12] Akzo's posthearing brief, February 28, 2011, p.1 and exh. B.

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 shows Aqualon's employment-related data during the original investigations and the period of review. During the original investigations, Aqualon's average number of production and related workers ("PRWs") and hours worked by PRWs decreased steadily by a net *** percent during 2002-04.[13] Wages paid to Aqualon's PRWs decreased irregularly, by an overall *** percent during 2002-04; however, as PRWs decreased during 2002-04, the hourly wages of the remaining PRWs increased regularly by *** percent over the period of investigation. The productivity of Aqualon's PRWs rose steadily, by *** percent, during 2002-04. Corresponding unit labor costs decreased regularly, by a net $*** per pound during 2002-04.

Table III-5
Purified CMC: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

During the period of review, the number of production and related workers fluctuated *** workers and remained at *** workers during the interim periods. Hours worked fluctuated *** in 2009. Wages paid and hourly wages rose steadily during the period of review; however, productivity decreased irregularly, from *** pounds per hour in 2005 to *** pounds in 2009, peaking at *** pounds per hour in 2007. Unit labor costs fluctuated *** per pound during 2005-08 before increasing to $*** per pound in 2009. These trends reflect the *** discussed earlier. Comparisons of the January-September 2009-10 interim periods show PRWs and hours worked remaining the same; wages paid, hourly wages, and productivity increases; and a decrease of $*** per pound in unit labor costs.

FINANCIAL EXPERIENCE OF THE U.S. PRODUCER

Background

The sole U.S. producer, Aqualon, provided usable financial data on its purified CMC operations.[14] Aqualon reported *** during the period for which data were requested, but did report *** in 2005. Because *** represented *** of 2005 net sales value, it is not shown separately in this section of the report.

In November 2008, Ashland – a global specialty chemicals company – acquired Hercules in a transaction valued at approximately $3.4 billion.[15] Included in this acquisition was Aqualon, which is owned by Hercules. After the acquisition, Aqualon's fiscal year ***.

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[13] At the time, Aqualon argued that some of the decline in 2004 in total number of PRWs was due to the closure of the MCA plant, which was a captive producer of a source chemical used only in the production of CMC. USITC Publication 3787, p. III-3, fn. 11.

[14] Aqualon's sales of purified CMC represented approximately *** percent of net sales for Ashland's Functional Ingredients segment and approximately *** percent of Ashland's total sales for FY 2009. Aqualon's operating income for purified CMC represented approximately *** percent of the operating income for Ashland's Functional Ingredients segment and approximately *** percent of Ashland's overall operating income in FY 2009. Ashland's 2010 annual report, p. M-11.

[15] Ibid., p. M-12.

Operations on Purified CMC

Income-and-loss data for Aqualon are presented in table III-6. Aqualon experienced an increase in operating income from 2005 to 2009, as well as between the comparable interim periods. Both total net sales quantity and value experienced a *** increase from 2005 to 2008, followed by *** declines in both net sales quantity and value in 2009. Between the comparable interim periods, net sales quantity and value once again increased.

Table III-6
Purified CMC: Results of operations of U.S. producer Aqualon, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

The per-unit net sales value steadily increased by $*** from 2005 to 2009, while per-unit operating costs and expenses (cost of goods sold ("COGS") and selling, general, and administrative ("SG&A") expenses, combined) irregularly increased by $***. Thus, per-unit operating income generally increased from 2005 to 2009. Between the comparable interim periods, both per-unit revenue and per-unit operating costs/expenses *** declined, which resulted in a *** increase in operating income.

According to Aqualon, the firm's U.S. CMC operations have "***."[16] [17]

Aqualon stated that ***.[18] At the hearing in these reviews, Aqualon officials stated that the explosion and fire at the CP Kelco Netherlands plant had a short-term positive impact on Aqualon's profitability in 2009 and 2010 as the company benefitted from CP Kelco customers in need of an alternative source of supply.[19]

Variance Analysis

A variance analysis for purified CMC is presented in table III-7.[20] The information for the variance analysis is derived from table III-6. The analysis shows that the increase in operating income in 2009 as compared with 2005 is attributable to a favorable price variance that more than offset unfavorable

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[16] Aqualon's U.S. producer questionnaire response to question II-16.

[17] During the original investigation, Aqualon's operating margins declined from *** percent in 2002 to *** percent in 2003, then became *** percent in 2004. The per-pound net sales values declined by *** percent from 2002-2004, while per-pound COGS increased slightly during the same period. Thus, Aqualon's operating income declined. *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden, Invs. Nos. 731-TA-1084-1087 (Final)*, Views of the Commission (BPI version), p. 36. Table I-1 of this report contains additional detail on Aqualon's reported financial data for 2002-04.

[18] E-mail correspondence from ***, December 20, 2010. Raw material costs, which accounted for *** percent of overall COGS during the period for which data were collected, increased on a per-unit basis and as a ratio to sales through 2008, then declined in 2009 before once again increasing in January-September 2010. In its posthearing brief, Aqualon provided cost data for cotton linters and wood pulp which ***. Aqualon's posthearing brief, Responses to Commission Questions, p. 22.

[19] Hearing transcript (Gruber), p. 33.

[20] A variance analysis is calculated in three parts, sales variance, cost of sales variance, and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the cost of sales and SG&A expense variance) and a volume variance. The sales or cost variance is calculated as the change in unit price times the new volume, while the volume variance is calculated as the change in volume times the old unit price. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively; and the volume variance is the sum of the volume variance lines under price and cost/expense variance.

net cost/expense and volume variances (that is, price increases offset an increase in net costs/expenses and a decline in volume). Between the comparable interim periods, the analysis shows that the increase in operating income is attributable to favorable volume and net cost/expense variances that offset an unfavorable price variance (that is, the increase in volume and decrease in net costs/expenses was greater than the decline in prices).

Table III-7
Purified CMC: Variance analysis on operations of U.S. producer Aqualon, 2005-09, and January-September 2009-10

* * * * * * *

Capital Expenditures and Research and Development Expenses

Aqualon's reported capital expenditures and research and development ("R&D") expenses are shown in table III-8. Reported capital expenditures primarily reflect ***.[21] According to Aqualon, "***."[22] [23]

Table III-8
Purified CMC: Capital expenditures and research and development expenses of U.S. producer Aqualon, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Assets and Return on Investment

Data on Aqualon's total assets and its return on investment ("ROI") are presented in table III-9. The total assets for purified CMC increased from $*** in 2005 to $*** in 2009, and the ROI irregularly increased from *** percent in 2005 to *** percent in 2009. As previously reported, Aqualon was acquired by Ashland in November 2008. The assets of the business were ***.[24]

Table III-9
Purified CMC: Asset values and return on investment of U.S. producer Aqualon, 2005-09

* * * * * * *

[21] E-mail correspondence from ***, December 20, 2010. At the hearing, Aqualon officials provided additional testimony regarding capital expenditures. *See* hearing transcript, p. 24 (Panichella), and p. 37 (Gruber). In its posthearing brief, Aqualon reported a 2011 capital budget of $*** million. Aqualon's posthearing brief, Responses to Commission Questions, p. 21.

[22] Ibid.

[23] During the original investigation, Aqualon's capital expenditures *** from $*** in 2002 to $*** in 2004, and its R&D expenses *** from $*** in 2002 to $*** in 2004. EDIS document no. 446977.

[24] Ibid.

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

The Commission sent questionnaires to 46 firms believed to be importers from Finland, Mexico, Netherlands, Sweden, and nonsubject sources of purified CMC, based on proprietary information provided by U.S. Customs and Border Protection ("Customs"). Questionnaire responses were received from 22 companies, including from the importers accounting for the vast majority of imports from Finland, Mexico, the Netherlands, and Sweden.[1]

During the original investigations, purified CMC was provided for under a residual or "basket" HTS category (subheading 3912.31.00) which contained all purity levels of CMC including crude (technical) CMC and salts other than the subject sodium salt of CMC. As of January 1, 2005, purified CMC was provided for under statistical reporting number 3912.31.0010 for caboxymethylcellulose and its salts containing not less than 90 percent by weight of carboxymethylcellulose, but this statistical reporting number, which excuding technical CMC, also includes cross-linked CMC, a product that is not in the scope of the reviews. As both the HTS subheading during the original investigations and the HTS statistical reporting number valid during the period of review contain salts other than the subject purified CMC, official Commerce statistics for both the original investigations and period of review are overly broad.[2] Consequently, data on U.S. imports of purified CMC from both the subject and nonsubject countries presented in this report are from responses to Commission questionnaires.

Table IV-1 presents data for U.S. imports of purified CMC both during the original investigations and the period of review. Throughout the original investigations, the four subject countries were the largest sources of U.S. imports of purified CMC and accounted for the majority of total U.S. imports.[3] During the original investigations, both the volume and value of U.S. imports from nonsubject sources increased steadily during the period of investigation, and accounted for *** percent of total U.S. imports during 2004. Nonsubject sources of imports during the original investigations were principally China and France.[4]

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[1] In addition to the 22 responses, the Commission received 12 responses from firms indicating that they did not import purified CMC during the period of review. Among the negative responses were companies that imported chemicals which were properly classified under statistical reporting number 3912.31.0010 but that do not correspond to products in the scope of the review. Certain negative responses also reported misclassification of the chemical imported, citing the correct classification as 3912.31.0090, the classification for technical CMC.

[2] Effective January 1, 2005, pursuant to a request from Aqualon, imports of purified CMC are separately provided for under HTS statistical reporting number 3912.31.0010, with all other CMC products provided for under HTS statistical reporting number 3912.31.0090. Aqualon tariff classification request, July 26, 2004. During the original investigations, a review of official Commerce statistics and proprietary Customs data for January-March 2005 indicated that imports of purified CMC had not been properly recorded since the tariff classification change. For example, no imports from China or France were reported under HTS statistical reporting number 3912.31.0010 for purified CMC, and significant quantities of imports of purified CMC (i.e., Customs entries having average unit values ranging from $1.00 to $1.54 per pound) from the subject European countries were reported under HTS statistical reporting number 3912.31.0090 (all other CMC products) during January-March 2005. Importing firms reported that such imports of purified CMC were mistakenly entered under HTS statistical reporting number 3912.31.0090. USITC Publication 3787, June 2005, pp. IV-3-IV-4, fn.3.

[3] Ibid.

[4] Ibid., p. IV-4.

Table IV-1
Purified CMC: U.S. imports, by sources, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

During the period of review, subject imports increased irregularly, from *** pounds in 2005 to *** pounds in 2009, peaking at *** pounds in 2007. ***.[5] *** in 2009. However, subject imports of purified CMC accounted for a *** percent majority of total imports in 2009.

During the period of review, the volume and value of nonsubject imports of purified CMC increased during 2005-08, before decreasing in 2009. Nonsubject imports of purified CMC during the period of review were from China, France, ***. Import volume of purified CMC from China increased by *** pounds, or by *** percent from *** pounds in 2005 to *** pounds in 2008 before falling to *** pounds in 2009. Value of Chinese imports of purified CMC followed a similar pattern. Imports of purified CMC from France increased irregularly by *** pounds or *** percent from *** pounds in 2005 to *** pounds in 2009. The value of French imports of purifed CMC followed a similar pattern.

CUMULATION CONSIDERATIONS

In assessing whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) the degree of fungibility, including specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution are discussed in *Part II* of this report; fungibility, geographical markets, and presence in the market are discussed below.

During the original investigations, the Commission found that there was a reasonable overlap of competition among the domestic merchandise and the subject imports from Finland, Mexico, Netherlands, and Sweden and cumulated subject imports for purposes of material injury.[6]

Fungibility and Presence in the Market

Table IV-2 presents U.S. commercial shipment quantities and U.S. importers' U.S. shipment quantities by end-use applications for the period of review. The data indicate that, during the period of review, U.S.-produced purified CMC, as well as imports from the Netherlands were present, to varying degrees, in all five end-use sectors of the purified CMC market. U.S. imports from Finland and Sweden were present in four of five end-use sectors, and U.S. imports from Mexico were present, to varying degrees, in two of five end-use sectors.[7] Imports from three subject countries were present in the food end-use application category, which accounted for *** percent of reported subject imports during 2009. Additional discussion of fungibility is presented in *Part II.*

[5] ***'s importer questionnaire response, section II-2.

[6] USITC Publication 3787, p. 13. Commissioner Pearson dissented, finding a reasonable overlap of competition between subject imports from Mexico, the Netherlands, and Sweden, but does not exist between subject imports from Finland and other subject imports. Ibid., pp. 27-28.

[7] There were no imports from Finland and Sweden present in the all other sector; there were no imports from Mexico present in the personal care; paper & board; or oilfield sectors. There were no imports at all from Sweden in 2009.

Table IV-2
Purified CMC: U.S. shipments of domestically produced and imported products, by end use, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Geographical Markets

Purified CMC products produced in the United States are reportedly shipped nationwide. While imports of purified CMC from the subject countries may enter select Customs districts, such products are then generally sold nationwide.[8] Table IV-3 presents information on shares of U.S. imports of purified CMC entered by regions and Customs districts during 2005-09. Imports of purified CMC from Finland and Mexico principally entered through Customs districts in the South while imports of the subject product from the Netherlands and Sweden principally entered through districts in the East.

[8] USITC Publication 3787, p. IV-4 and fn. 9.

Table IV-3
Purified CMC: U.S. imports by sources and Customs districts, 2005-09

Region	Finland					Mexico					Netherlands[1]					Sweden				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
	Shares of total quantity (*percent*)																			
East[2]	41.5	28.3	7.3	12.0	7.0	0.0	0.0	0.0	0.0	0.0	86.6	84.2	54.0	60.2	66.6	79.3	91.4	64.0	67.5	([3])
South[4]	31.2	39.8	31.6	36.4	20.1	99.6	100.0	100.0	100.0	100.0	6.8	4.5	5.8	1.7	0.0	2.4	0.0	0.0	0.0	([3])
West[5]	11.7	4.4	10.9	10.9	13.6	0.4	0.0	0.0	0.0	0.0	5.0	5.9	11.5	5.1	7.5	2.4	0.2	0.2	0.0	([3])
Midwest[6]	15.7	27.5	50.2	40.7	59.3	0.0	0.0	0.0	0.0	0.0	1.6	5.5	28.7	33.1	26.0	15.9	8.4	35.8	32.5	([3])
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	([3])

[1] Includes imports of products manufactured by Akzo and CP Kelco Netherlands.
[2] Includes: Baltimore, MD; Charleston, SC; Charlotte, NC; New York, NY; Norfolk, VA; Philadelphia, PA; and Savannah, GA.
[3] Not applicable.
[4] Includes: Houston-Galveston, TX; Laredo, TX; Mobile, AL; New Orleans, LA; San Juan, PR; and Tampa, FL.
[5] Includes: Columbia-Snake, OR; Great Falls, MT; Los Angeles, CA; San Diego, CA; San Francisco, CA; and Seattle, WA.
[6] Includes: Buffalo, NY; Chicago, IL; Cleveland, OH; Detroit, MI; Pembina, ND; and St. Louis, MO.

Source: Compiled from official Commerce statistics.

U.S. INVENTORIES OF PURIFIED CMC FROM FINLAND, MEXICO, THE NETHERLANDS, AND SWEDEN

Reported inventories held by U.S. importers of purified CMC from Finland, Mexico, the Netherlands, and Sweden, both during the original investigations and the period of review, are shown in table IV-4. U.S. importers' inventories of imports from Finland decreased steadily during 2002-04 and decreased irregularly during 2005-09. With regard to Mexico, U.S. importers' end-of period inventories of imports decreased steadily during 2002-04 and decreased irregularly during 2005-09. U.S. importers' end-of-period inventories of imports from the Netherlands increased irregularly during 2002-04 and decreased irregularly during 2005-09. U.S. importers' end-of-period inventories of imports from Sweden decreased irregularly during 2002-04 and decreased steadily during 2005-08 before ***. The resultant aggregate of U.S. importers' end-of-period inventories of subject imports, and the ratios of such aggregated subject inventories to both imports and U.S. shipments of imports all decreased steadily during the 2002-04 period of original investigations, and decreased irregularly during the 2005-09 period of review. With the exception of then non-producing Sweden, all subject importers exhibited higher ratios of end-of-period inventories to imports in interim January-September 2009 when compared with interim January-September 2010. Further, with the exception of Mexico's subject importers' end-of-period inventories peak in 2007, the remaining subject importers' and aggregated subject importers' end-of-period inventories peaked in 2005.

Table IV-4
Purified CMC: U.S. importers' end-of-period inventories of imports, by source, 2002-04, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

U.S. IMPORTERS' IMPORTS SUBSEQUENT TO SEPTEMBER 30, 2010

The Commission requested importers to indicate whether they imported or arranged for the importation of purified CMC from Finland, Mexico, the Netherlands, or Sweden after September 30, 2010. Of the 22 responding importers, *** reported imports of purified CMC from the subject countries scheduled after September 30, 2010. Importers and the quantity of purified CMC imported subsequent to September 30, 2010, are shown in the tabulation below.

* * * * * * *

SUBJECT COUNTRY PRODUCERS

Information on the operations of producers of purified CMC in Finland, Mexico, Netherlands, and Sweden, their capacity, production, exports to the United States and other export markets, inventories of the subject merchandise; and any tariff or non-tariff barriers in home and third-country markets follows.

THE INDUSTRY IN FINLAND

During the original investigations, only one known firm manufactured purified CMC in Finland, Noviant OY.[9] In these reviews, the Commission received a questionnaire response from the only current known manufacturer/exporter of purified CMC in Finland: CP Kelco Finland. The firm reported *** to add, expand, curtail, or shut down production capacity and/or production of purified CMC in Finland ***.[10] CP Kelco Finland reported that it had several ***.[11] CP Kelco Finland reported that *** percent of the firm's total sales in its most recent fiscal year was represented by sales of purified CMC.[12] CP Kelco Finland *** products other than purified CMC on the same equipment and machinery used in the production of purified CMC.[13] The firm reported that its multipurpose production plant serves the ***.[14] The firm also reported purified CMC exports to third country markets ***.[15] CP Kelco Finland *** inventories of purified CMC in the United States since 2005.[16]

Tables IV-5 and IV-6 present data for reported Finnish production and shipments of purified CMC for the original investigations and the period of review, respectively. During the original investigations, Finnish production capacity remained constant during 2002-03, before decreasing by *** percent in 2004. In contrast to this capacity decrease, production increased and end-of period inventories decreased during 2002-04. Finnish home market sales fluctuated downward and exports to the United States increased steadily during 2002-04. Values of Finnish exports to the United States decreased by *** per pound from 2002 to 2003, then held steady at $*** per pound during 2003-04. Finnish exports to all other markets also increased steadily during 2002-04. As a result, total Finnish exports increased steadily during 2002-04. Exports of purified CMC accounted for approximately *** percent of total shipments of the subject product from Finland during the period of investigation.

Table IV-5
Purified CMC: Finnish production capacity, production, shipments, and inventories, 2002-04

* * * * * * *

Table IV-6
Purified CMC: Finnish production capacity, production, shipments, and inventories, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

During the period of review, Finnish production capacity remained constant. Production remained the same in 2005-06, peaked in 2007, and then decreased in 2008 and 2009. Production increased in interim January-September 2010 as compared to interim January-September 2009. End-of period inventories decreased during 2005-06, peaked in 2007, and fell in both 2008 and 2009.

According to CP Kelco, Noviant Finland decided to shut down production line 5 (***) in late 2004 for productivity reasons. The company reported that the utilization rate for line 5 had been very low for several years, and in order to keep the line open government safety standards were required to be met,

[9] USITC Publication 3787, p. VII-4.

[10] CP Kelco Finland's foreign producer questionnaire response, section II-3 and exhibit 1.

[11] CP Kelco Finland's foreign producer questionnaire response, section II-2.

[12] CP Kelco Finland's foreign producer questionnaire response, section II-10.

[13] CP Kelco Finland's foreign producer questionnaire response, section II-5.

[14] CP Kelco Finland's foreign producer questionnaire response, section II-6.

[15] CP Kelco Finland's foreign producer questionnaire response, section II-13

[16] CP Kelco Finland's foreign producer questionnaire response, sections II-11.

additional investment for which was not economically feasible.[17] CP Kelco reported its theoretic maximum capacity for calendar years 2005-09 was *** pounds; however, operating or average production capacity was reported as *** percent of theoretic maximum capacity to account for vacation time, planned and unplanned downtimes, etc., and stated that production rarely exceeds *** percent of maximum capacity.[18]

According to Aqualon, the CP Kelco owns and operates the largest purified CMC production facility in the world in Aanekoski, Finland, with approximately *** metric tons (*** pounds) capacity.[19] Aqualon takes issue with the methodology by which CP Kelco reported capacity for its Finland CMC operations, whereby CP Kelco ***,[20] and questions the accuracy of the reported capacity figure. According to Aqualon, in the original investigation, Noviant reported "projected" capacity for 2005 at *** pounds *** metric tons for its CMC plant in Finland, and does not appear to have made a *** percent reduction.[21] Aqualon further cited CP Kelco's response to changes in operations since 2004, where CP Kelco reported ***.[22] Aqualon opined that CP Kelco should report an ***.[23] Aqualon further cited CP Kelco's reported production levels that ***.[24] Aqualon also pointed out that CP Kelco's *** ***.[25] According to Aqualon, objective observers place the capacity of the CP Kelco Finland plant at *** metric tons (*** pounds).[26] Aqualon further indicated that since CP Kelco's exports from Finland did not exceed *** pounds during the period of review, and its annualized Finnish home market sales were approximately *** pounds for the period, CP Kelco has significant capacity to allow the option to increase its U.S. exports.[27]

Akzo indicated its understanding that CP Kelco runs two separate purified CMC lines in its Finnish plant; a newer line that produces *** metric tons (*** pounds) per year for the food industry, and an older line that produces approximately *** metric tons (*** pounds for the paper industry.[28] According to Akzo, in the past CP Kelco ran a third line that produced approximately *** metric tons per year of

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[17] Collective postconference brief of Noviant, Amtex, and Akzo, July 6, 2004, p. 39 and exh. 33.

[18] CP Kelco foreign producer questionnaire response (section II-5). CP Kelco reconfirmed that its "actual" capacity was correctly calculated for these reviews as *** percent of "theoretical" capacity. CP Kelco further cited that the statutory vacation or "holiday" period for European and Scandinavian employees is considerably longer than typical U.S. vacation time, which is why European plants tend to operate fewer days per year than U.S. counterparts. Email to staff from ***, March 25, 2011.

[19] Aqualon's prehearing brief, February 10, 2011, pp. 1, 15.

[20] Ibid. According to CP Kelco, *** pounds is a theoretic maximum capacity. Operating or average capacity is 80 percent of theoretic maximum capacity to account for vacation time, planned, and unplanned downtime, etc. According to CP Kelco, production rarely exceeds 80 percent of theoretic maximum capacity. CP Kelco's foreign producer questionnaire response (section II-5). In the Commission's Instruction booklet for foreign producer questionnaires for these reviews, average production capacity is defined as, "The level of production that your establishment(s) could reasonably have expected attain during the specified periods. Assume normal operating conditions (i.e., using equipment and machinery in place and ready to operate; normal operating levels (hours per week/weeks per year) and time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix." *Instruction Booklet: General Information, Instructions, and Definitions for Commission Foreign Producer/Exporter Questionnaires*, p. 5.

[21] Aqualon's prehearing brief, p. 15.

[22] Ibid., CP Kelco's foreign producer questionnaire response (section II-2).

[23] Ibid.

[24] Ibid., p. 16.

[25] Ibid.

[26] Ibid., pp. 35-36.

[27] Aqualon's posthearing brief, February 28, 2011, pp. 7-8; Responses of Aqualon Company to Commission Questions, pp. 2-3.

[28] Akzo's posthearing brief, February 28, 2011, exh. A, p. 2.

technical CMC; however, it is generally believed that this line is not in operation, as CP Kelco is no longer active in this market.[29]

THE INDUSTRY IN MEXICO

In the original investigations, there was one known manufacturer/exporter of purified CMC in Mexico, Amtex.[30] During the period of review, the Commission received a questionnaire response from the only known manufacturer/exporter of purified CMC in Mexico: Amtex.[31] The firm reported that *** percent of its total sales in the most recent fiscal year was represented by sales of purified CMC.[32] Amtex *** produce products other than purified CMC on the same equipment and machinery used in the production of purified CMC, with capacity data ***.[33] Amtex reported exports of purified CMC to third-country markets including ***.[34] Amtex *** inventories of purified CMC in the United States, ***, since 2005.[35] Amtex reported *** change to its operations during the period of review.[36]

Tables IV-7 and IV-8 present data for reported Mexican production and shipments of purified CMC for the original investigations and period of review, respectively. During the original investigations, Mexican production capacity and production increased from 2003 to 2004 ***. *** end-of period inventories increased irregularly during 2002-04. Mexican home market sales increased during 2002-04, while exports to the United States fluctuated downward. Unit values of Mexican exports to the United States fell by $*** per pound during 2002-04. Mexican exports to all other export markets decreased during 2002-04. As a result, total Mexican exports decreased irregularly during 2002-04.

Table IV-7
Purified CMC: Mexican production capacity, production, shipments, and inventories, 2002-04

* * * * * * *

During the period of review, Mexican production capacity for purified CMC ***, while production increased irregularly and end-of period inventories decreased irregularly.

[29] Ibid.

[30] USITC Publication 3787, p. VII-4.

[31] ***. Amtex's foreign producer questionnaire response, section I-4.

[32] Amtex's foreign producer questionnaire response, section II-10

[33] Amtex's foreign producer questionnaire response, section II-5.

[34] Amtex's foreign producer questionnaire response, section II-16b.

[35] Amtex's foreign producer questionnaire response, section II-11.

[36] Amtex's foreign producer questionnaire response, section II-2.

Table IV-8
Purified CMC: Mexican production capacity, production, shipments, and inventories, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Mexican home market sales increased irregularly during 2005-09, while exports to the United States fluctuated downward. Unit values of Mexican exports to the United States rose irregularly by $*** per pound during 2005-09, before dropping by $*** per pound over the interim periods. Mexican exports to all other export markets increased irregularly during 2005-09. Total Mexican exports decreased irregularly during 2005-09. All of Amtex's export markets for purified CMC rose in the January-September 2010 interim period when compared to the January-September 2009 interim period. Amtex reported export markets in *** .[37] Tariffs on purified and nonpurified CMC imported into Mexico are 7.2 percent from Japan and 10.0 percent from China and India.[38]

Amtex reported that its overall capacity (technical and purifed grades) is ***.[39] Amtex reported that it can ***.[40]

***.[41]

THE INDUSTRY IN THE NETHERLANDS

During the original investigations, there were two known producers/exporters of purified CMC in the Netherlands, Noviant BV and Akzo Netherlands. In these reviews, the Commission received questionnaire responses from the two current known manufacturers/exporters of purified CMC in the Netherlands: CP Kelco Netherlands and Akzo Netherlands. Data on the firms' production and exports of purified CMC to the United States during 2009 are as follows:

* * * * * * *

During the period of review, CP Kelco Netherlands reported plans to ***.[42] However, CP Kelco ***. CP Kelco Netherlands reported that *** percent of the firm's total sales in its most recent fiscal year was represented by sales of purified CMC.[43] CP Kelco Netherlands also reported purified CMC exports to markets ***.[44]

Akzo Netherlands reported *** plans to add, expand, curtail, or shut down production capacity and/or production of purified CMC in the Netherlands.[45] Akzo Netherlands reported that *** percent of the firm's total sales in its most recent fiscal year was represented by sales of purified CMC, and that it also produces *** on the same equipment and machinery used in the production of purified CMC, with purified CMC accounting for *** percent, *** accounting for *** percent, and *** accounting for ***

[37] Amtex's foreign producer questionnaire response, section II-13.

[38] Amtex's Response to Additional Questions of the Commission, March 4, 2011, exh. 1. Tariffs on substitute products for purified CMC, such as Hydroxyethylcellulose, methylcellulose, hydroxypropylmethylcellulose, xanthan gum, and carrageenan imported into Mexico range from 5 percent to 10 percent primarily for Japan, China, and India. Ibid.

[39] Amtex's foreign producer questionnaire response (section II-6).

[40] Amtex's foreign producer questionnaire response (section II-7).

[41] Amtex's response to Commission staff questions, March 4, 2011, exh. 4.

[42] CP Kelco Netherlands' foreign producer questionnaire response, section II-2 and exhibit 4.

[43] CP Kelco Netherlands' foreign producer questionnaire response, section II-10.

[44] CP Kelco Netherlands' foreign producer questionnaire response, section II-16c.

[45] Akzo's foreign producer questionnaire response, sections II-2.

percent of total production in 2009, allocated on the basis of ***.[46] Akzo *** inventories of CMC in the United States since 2005 and reported purified CMC exports to ***.[47] As to export markets other than the United States that Akzo developed or where it increased sales of purified CMC since 2005, Akzo reported ***.[48]

Tables IV-9 and IV-10 present data for reported Dutch production and shipments of purified CMC for the original investigations and the period of review, respectively. During the original investigations, Dutch production capacity increased irregularly during 2002-04, as production increased steadily, and end-of-period inventories fluctuated downward. Dutch home market sales increased irregularly during 2002-04, while exports to the United States increased steadily. Unit values of Dutch exports to the United States fell by $*** per pound during 2002-04. Dutch exports to all other export markets rose steadily during 2002-04. Exports of purified CMC accounted for more than *** percent of total shipments of the subject product from the Netherlands during the original investigations.

Table IV-9
Purified CMC: Dutch production capacity, production, shipments, and inventories, 2002-04

* * * * * * *

Table IV-10
Purified CMC: Dutch production capacity, production, shipments, and inventories, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

During the period of review, Dutch production capacity decreased irregularly during 2005-09. Capacity was lower in interim January-September 2010 as compared with interim January-September 2009 ***. End-of-period inventories fluctuated downward during 2005-09, before increasing over the interim periods. Dutch home market sales increased irregularly during 2005-09, while exports to the United States increased irregularly. Unit values of Dutch exports to the United States rose irregularly by $*** per pound during 2005-09, and by $*** over the interim periods. Dutch exports to all other export markets rose during 2005-06, then decreased steadily through the interim periods. Exports of purified CMC accounted for more than *** percent of total shipments of the subject product from the Netherlands during the period of review.

Akzo reported that its capacity represents the total capacity of its *** production lines combined and factors in *** days of shutdown for maintenance. Akzo reported that it can produce technical CMC, purified CMC, and cross-linked CMC on these lines at its production facility in Arnhem, the Netherlands. ***;[49] however, Akzo can produce cross-linked CMC ***. This means that for every pound of purified CMC that Akzo makes, it could have made approximately *** pounds of cross-linked CMC. Moreover, since technical CMC is not as refined and thus takes fewer steps to produce than either purified or cross-linked CMC, the output ratio of technical CMC to subject purified CMC is ***. This means that for every pound of purified CMC that Akzo makes, it reports that it could have made approximately *** pounds of technical CMC.[50]

[46] Akzo's foreign producer questionnaire response, section II-10.

[47] Akzo's foreign producer questionnaire response, sections II-16c.

[48] Akzo's foreign producer questionnaire response, section II-13.

[49] Akzo's foreign producer questionnaire response (section II-7).

[50] Akzo's responses to Commission staff questions, March 4, 2011, p.2.

Akzo reported that it ***.[51] Akzo stated that ***.[52]

THE INDUSTRY IN SWEDEN

In the original investigations, there was one known manufacturer/exporter of purified CMC in Sweden, Noviant AB. In these reviews, the Commission received a questionnaire response from the only current known manufacturer/exporter of purified CMC in Sweden: CP Kelco Sweden. The firm reported ***.[53] The firm also reported purified CMC exports to third country markets including ***.[54]

Tables IV-11 and IV-12 present data for reported Swedish production and shipments of purified CMC for the original investigations and the period of review, respectively. During the original investigations, Swedish production capacity increased from 2002 to 2003, then held steady during 2003-04, while Swedish production and end-of-period inventories increased irregularly during 2002-04. Swedish home market sales and exports to the United States decreased steadily during 2002-04.ed irregularly. Unit values of Swedish exports to the United States fell by $*** per pound from 2002 to 2003, then surpassed 2002 levels during 2004. Swedish exports to all other export markets increased irregularly during 2002-04. Exports of purified CMC accounted for more than *** percent of total shipments of the subject product from Sweden during the original investigations.

Table IV-11
Purified CMC: Swedish production capacity, production, shipments, and inventories, 2002-04

* * * * * * *

Table IV-12
Purified CMC: Swedish production capacity, production, shipments, and inventories, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

During the period of review, Swedish production capacity remained constant from 2005 to 2007, before ***. Swedish production increased steadily from 2005-07 and end-of-period inventories fluctuated downward during 2005-07. Swedish home market sales decreased steadily during 2005-07, while Swedish exports to the United States decreased irregularly in 2005-08. Unit values of Swedish exports to the United States rose by $*** per pound from 2005 to 2008. Swedish exports to all other export markets decreased irregularly during 2005-08. Exports of purified CMC accounted for more than *** percent of total shipments of the subject product from Sweden during 2005-08.

SUBJECT COUNTRIES COMBINED

Data for the combined purified CMC operations in the four subject countries are presented in table IV-13 for the period of original investigation and table IV-14 for the period of review.

[51] Ibid., p. 3.

[52] USITC staff telephone interview with Jeffrey Neeley, counsel to Amtex, March 8, 2011.

[53] CP Kelco Sweden's foreign producer questionnaire response, section II-2 and exhibit 3.

[54] CP Kelco Sweden's foreign producer questionnaire response, section II-16d.

Table IV-13
Purified CMC: Subject countries' production capacity, production, shipments, and inventories, 2002-04

* * * * * * *

Table IV-14
Purified CMC: Subject countries' production capacity, production, shipments, and inventories, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Capacity Allocations

Capacity and production for each product produced by each subject foreign producer are presented in table IV-15.

Table IV-15
Purified CMC: Reported capacity allocations for the subject producers, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

End Use Markets

Subject producers' shipments of purified CMC by end-use market for January-September 2010 are presented in table IV-16. The United States accounted for *** percent of total end-use market shipments during January-September 2010. Subject producers' total export shipments to the United States, by specific end-use market, are as follows: food, *** percent; personal care, *** percent; paper and board, *** percent; oil field, *** percent; and all other end-use markets, *** percent. *** reported the largest exports of purified CMC to the U.S. food market, with *** percent of its total food end-use shipments directed to the U.S. market. *** was the largest exporter of purified CMC to the U.S. personal care (*** percent), paper and board (*** percent), and oilfield (*** percent) markets during January-September 2010.

Table IV-16
Purified CMC: Foreign producers' shipments of purified CMC by end-use market, January-September 2010

* * * * * * *

DUMPING IN THIRD-COUNTRY MARKETS

There are no known purified CMC third-country import relief investigations or existing antidumping duty orders on the subject product from Finland, Mexico, the Netherlands, or Sweden in any countries other than the United States.[55] No subject countries' exports of purified CMC are subject to tariff or non-tariff barriers to trade in any countries other than the United States, nor are these exports subject to current proceedings in any countries other than the United States that might result in tariff or non-tariff barriers to trade.[56]

THE GLOBAL INDUSTRY AND DEMAND

The Global Industry

Table IV-17 presents data on global production capacity for purified CMC during 2009. According to these data, there are *** major producers of CMC in the world that *** accounted for about *** of global purified CMC production capacity in 2009: ***.

Table IV-17
Purified CMC: Production capacity, United States, subject countries, other Europe, and Asia, 2009

* * * * * * *

China

China is the *** at *** manufacturing facilities.[57] Global companies are represented as producers of purified CMC in China with capacities as follows: ***.[58]

Parties were asked to provide information on the industry in China - its size, the number of participants/companies/firms, and its capability to produce for all sectors. Aqualon reported *** metric tons (*** pounds) of total CMC capacity in China available at *** producers capable of producing CMC *** percent, with *** of those producers capable of producing CMC of *** percent purity CMC: ***. Aqualon's total reported capacity in China for the *** producers identified as producing *** percent purified CMC was *** metric tons (*** pounds), *** in table IV-17.[59]

Aqualon imported *** pounds of purified CMC from China in 2008 to ***.[60]

Akzo reported the number of CMC producers in China at ***, with around *** producing purified grades and about *** producing non-purified grades.[61] According to Akzo, the discrepancy results from the fact that the majority of Chinese non-purified CMC producers are not registered with the

[55] Importers' questionnaire responses (section I-12). Respondents' foreign producer questionnaire responses (section II-12b).

[56] Respondents' foreign producer questionnaire responses (section II-12a and section II-12b).

[57] ***.

[58] Ibid., p. 98. ***. Staff telephone interview with ***, March 10, 2011.

[59] Aqualon's posthearing brief, February 28, 2011, attachment 3 (***).

[60] ***'s importer questionnaire response (sections II-6 and II-7b).

[61] Akzo's posthearing brief, Responses to the Commission's Questions, p. 5.

Administration of Industry and Commerce at the local level and that some of these producers operate with no company name.[62] Akzo estimated that total Chinese CMC production capacity rose to 320 thousand metric tons (705.5 million pounds) per year in 2010, with actual production at around 180 thousand metric tons (396.8 million pounds) with approximately 120 thousand metric tons (264.6 million pounds) of purified CMC and 60 thousand tons (132.3 million pounds) of non-purified CMC.[63] Akzo defined Chinese purified CMC as having a purity level of over 95 percent and cited uses for Chinese purified CMC in such applications as food, oil drilling, toothpaste, pharmaceuticals, and paper; whereas Chinese non-purified CMC, defined as having a purity level of over 70 percent, is primarily used for pottery, construction, and detergents.[64] Akzo further noted that in recent years, Chinese prices for CMC have risen due to increased costs of raw materials, including cotton, wood pulp, monochloroacetic acid, and sodium hydroxide.[65]

Amtex *** CMC producers in China; however, no differentiation was provided between purified and non purified grades of CMC.[66]

***.[67]

***.[68]

***.[69]

France

***.[70] ***.[71] These imports were ***.[72] Further discussion of Aqualon's imports of purified CMC from France is presented in *Part III*.

Colombia

Amtex reported installed capacity for purified CMC at its Colombian facility as *** metric tons (*** pounds). Amtex's Columbian facilities' production and shipments of purified CMC are presented in the following tabulation:

* * * * * * *

*** imported *** pounds of purified CMC from Colombia in 2005 to ***.[73]

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[62] Ibid.

[63] Ibid.

[64] Ibid.

[65] Ibid., p. 6.

[66] Amtex's Response to Additional Questions of the Commission, , March 4, 2011, exh. 2.

[67] ***.

[68] Ibid.

[69] Ibid.

[70] Ibid., p. 55.

[71] ***'s importer questionnaire response (section II-9).

[72] Aqualon's importer questionnaire response (section II-9).

[73] ***'s importer questionnaire response (sections II-6 and II-7b).

Argentina

Amtex's installed capacity for purified CMC in its Argentinian facility is approximately *** metric tons (*** pounds). Amtex's Argentinian facilities' production and shipments of purified CMC are presented in the following tabulation:

* * * * * * *

Global Demand

All major producers of purified CMC produce and sell purified CMC throughout the world either individually, through related companies, or both.[74] Table IV-18 presents data on estimated global demand for purified CMC during 2009. Total world consumption is estimated at *** million pounds. U.S. apparent consumption of purified CMC represented approximately *** percent of world demand.

Table IV-18
Purified CMC: Global demand, U.S. consumption, and shares, 2009

* * * * * * *

[74] USITC Publication 3787, June 2005, p. VII-3, fn. 9.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICING

Raw Material Costs

During the original investigations, total raw material costs averaged about *** of Aqualon's total costs of goods sold for purified CMC.[1] Raw materials have continued to account for a large share of the cost of producing purified CMC during 2005-09. The costs ranged from a low of *** percent of the cost-of-goods sold (COGS) in 2005 to a high of *** percent in 2008. During January-September 2010, raw material costs accounted for *** percent of the cost-of-good sold.

The principal raw material inputs used to produce domestic purified CMC are cellulose, monochloroacetic acid, and caustic soda. Major inputs in the cost of cellulose are cotton linters and wood pulp. Annual costs (in dollars per kilogram) of cotton and wood pulp during 2006-10 are shown in the tabulation.[2]

Year	2006	2007	2008	2009	2010
Cotton	$***	$***	$***	$***	$***
High-viscosity wood pulp	***	***	***	***	***
Fluff (low-viscosity wood pulp	***	***	***	***	***
Source: Aqualon's posthearing brief, p. 22					

U.S. Inland Transportation

The U.S. producer and importers of CMC from subject countries were asked to report U.S. inland transportation delivery costs as an approximate percentage of the total delivered price of purified CMC during January 2005-September 2010. The U.S. producer, Aqualon, estimated a cost of *** percent. Among importers, estimates ranged from *** percent to *** percent.

The U.S. producer and importers of purified CMC from subject countries were also asked to estimate the percentages of their sales that were delivered within varying distances of their production or storage facilities. Aqualon estimated that *** percent of its sales was delivered within 100 miles of its production facilities, *** percent were within 101 to 1,000 miles, and *** percent involved distances of over 1,000 miles. Of the two importers reporting U.S. shipments of imports separately for Finland, one importer (***) estimated that *** percent of its shipments was for distances of less than 100 miles and the other (***) estimated that *** percent was for distances between 101 miles and 1,000 miles and *** percent were for distances of more than 1,000 miles. Of the two importers reporting U.S. shipments of imports separately for Mexico, one (***) estimated that *** percent of sales were for distances between 101 miles and 1,000 miles and the other (***) estimated that between *** and *** percent of its shipments involved distances of 101 to 1,000 miles, and between *** and *** percent involved distances

[1] Confidential Staff Report, *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands and Sweden (Investigation Nos. 731-TA-1084-1087 (Final)*, June 2, 2005, p. V-1.

[2] To create the table for each year, Aqualon took its actual consumption costs of each material and divided by the respective quantities to determine each of the fiscal year's pricing by material type (email from attorney representing Aqualon, March 16, 2011).

of over 1,000 miles. One importer (***) reporting separately for the Netherlands stated that ***. Another importer (***) reporting on combined shipments from Finland, the Netherlands, and Sweden estimated that *** percent of its shipments was for distances less than 100 miles, *** percent was for distances between 101 and 1,000 miles, and *** percent was for distances of more than 1,000 miles.

PRICING PRACTICES

In the original investigations, questionnaire respondents reported that prices were determined by a mixture of transaction-by-transaction negotiations, list prices, and contracts.[3] Aqualon reported that it *** on both a delivered and f.o.b. basis. The majority of sales were on a contract basis.

When asked how prices were determined during January 2005 through September 2010, answers varied. Aqualon reported that they were determined ***. Among importers, one importer of purified CMC from Finland reported that it used ***; two importers of product from Mexico reported that ***; one importer of product from the Netherlands reported the ***; and one importer of product from Finland, the Netherlands, and Sweden reported using ***.

Aqualon reported that it ***. One importer of purified CMC from Finland reported that ***. None of the other importers reported providing quantity discounts. Neither Aqualon nor any of the importers ***.

Aqualon quotes prices ***, while importers from subject countries quote both delivered and f.o.b. prices. Two importers of purified CMC from Mexico and one importer of product from the Netherlands reported that they ***. Two importers of purified CMC from Finland both quotes prices on an ***. Another importer of product from Finland, the Netherlands, and Sweden reported that it quotes on either an ***.

Aqualon reported that ***. Breakouts between spot and contract sales by the subject countries were varied. Of the three firms reporting sales of imports from Finland, one reported that all sales are made under short-term contracts, one reported that *** percent are sold under long-term contracts, and *** percent are sold under short-term contracts, and one reported that sales are made ***. Of the two importers of product from Mexico, one reported that ***, and the other reported that ***. Of two firms reporting sales of imports from the Netherlands, one estimated that ***. The widely varied contracts involving sales of imports from subject countries ranged from periods of 90 days to as much as several years. Prices and quantities may or may not be fixed during the contract periods.

PRICE DATA

The Commission requested the U.S. producer and importers of purified CMC from Finland, Mexico, the Netherlands, and Sweden to provide quarterly data for the total quantity and value of shipments of purified CMC to end users in the U.S. market during the period January 2005 through September 2010.[4] The products for which pricing data were requested are as follows:[5]

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[3] Confidential Staff Report, *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands and Sweden (Investigation Nos. 731-TA-1084-1087 (Final)* June 2, 2005, pp. V-6 to V-8.

[4] In addition to this data, importers that use purified CMC internally were asked to report prices paid for imports from the subject country. However, very little usable data was reported. One importer ***.

[5] The pricing products shown are the same as those used in the original investigations. None of the parties asked that the product categories be revised.

Product 1.–High viscosity (approximately 1,000 to 3,000 Mpas in 1 percent solution), degree of substitution approximately 0.65 to 0.90 (i.e., 6.5 to 9.0 carboxymethyl groups per 10 anhydro- glucose units), used for regulated (food or personal care) applications, excluding pharmaceutical. The trade names of the suppliers for this product are: Aqualon–7HF; Noviant–Cekol 30,000; Akzo–Akucel AF278; Amtex–PE 31FG.

Product 2.–Very high viscosity (approximately 2,500 to 9,000 Mpas in 1 percent solution), degree of substitution approximately 0.65 to 0.90 (i.e., 6.5 to 9.0 carboxymethyl groups per 10 anhydroglucose units), used for regulated (food or personal care) applications, excluding pharmaceutical. The trade names of the suppliers for this product are: Aqualon–7H4F and 9H4F; Noviant–Cekol 50,000; Akzo–Akucell 280X and 298X; Amtex–F1-4000 and F1-6000 (both formerly included in PE 32 FG).

Product 3.–Medium viscosity (approximately 400 to 800 Mpas in 2 percent solution), degree of substitution approximately 0.65 to 0.90 (i.e., 6.5 to 9.0 carboxymethyl groups per 10 anhydro- glucose units), used for regulated (food or personal care) applications, excluding pharmaceutical. The trade names of the suppliers for this product are: Aqualon–7MF; Noviant–Cekol 700; Akzo–Akucel AF150 and AF 170; Amtex–F2 750.

Product 4.–Medium viscosity (approximately 400 to 800 Mpas in 2 percent solution), degree of substitution approximately 0.65 to 0.90 (i.e., 6.5 to 9.0 carboxymethyl groups per 10 anhydro- glucose units), non-regulated (e.g., paper) applications (i.e., standard grade). The trade names of the suppliers for this product are: Aqualon–7MT; Noviant–Finnfix 700; Akzo–None; Amtex–P 2 750.

Product 5.–Low viscosity (approximately 20 to 1,000 Mpas in 4 percent solution, 5 to 100 Mpas in 2 percent solution), degree of substitution approximately 0.65 to 0.90 (i.e., 6.5 to 9.0 carboxymethyl groups per 10 anhydroglucose units), non-regulated (e.g., paper) applications (i.e., standard grade). The trade names of the suppliers for this product are: Aqualon (98 percent CMC minimum)–7L1, 7L2, and 7L; Noviant (98 percent CMC minimum)–Finnfix 5, Finnfix 10, and Finnfix 30; Akzo–None; Amtex (92 percent CMC minimum)–P2-10, P2-30, and P2-75.

Product 6.–High viscosity (minimum 1,500 Mpas in 1 percent solution), degree of substitution 0.8 to 1.5 (i.e., 8 to 15 carboxymethyl groups per 10 anhydroglucose units), to oilfield customers. This product is often sold to customers bearing the particular customer's trade name for its oil drilling product, such as Drispac, Milpac, and Polypac. Less frequently, the product bears a proprietary name of the manufacturer, such as Aqualon's Aquapac or Akzo's Staflo. In all cases, the specifications and not the label on the bag should be the controlling factor in reporting.

The U.S. producer, Aqualon, reported price data on sales to end users of all six products in all quarters during January 2005 and September 2010, and six importers of product from subject countries reported varying amounts of prices on sales to end users during this period. The price data reported by Aqualon accounted for *** percent of the quantity of its U.S. shipments during this period. The importer price data accounted for *** percent of U.S shipments of imports from Finland, *** percent of U.S. shipments of imports from Mexico, *** percent of U.S. shipments of imports from the Netherlands,[6] and *** percent of U.S. shipments of imports from Sweden.

[6] Azko price data accounted for 8.9 percent of the total U.S. imports shipment data for the Netherlands in quantity terms and. CP Kelco price data accounted for 20 percent.

Price Trends

Quarterly weighted-average price data for U.S.-produced and imported purified CMC from the subject countries are presented in tables V-1 through V-6 and figure V-1 for the period January 2005 through September 2010. U.S. producer prices for all six products increased overall during the 23 quarter period, despite frequent fluctuations from quarter to quarter. Prices of imports from Finland for products 4 and 5 also increased overall for the 23 quarter period. Sales of imports from Finland for products *** and therefore, meaningful trends could not be reported for these products. Prices of products 1 and 2 from Mexico also increased overall during January 2005-September 1010. Prices of products 3 and 6 from Mexico also increased overall during the quarters where sales were reported while prices for products 4 and 5 decreased. Prices of products 1, 2, 3, and 6 from the Netherlands all increased during quarters where sales were reported, while the price of product 5 from the Netherlands decreased.[7] Prices of imports from Sweden were only reported for product 3 during the last half of 2006 and the first quarter of 2007. A summary of price ranges and percentage changes in prices is presented in table V-7.

In examining trends in shipments during the 23 quarter period, U.S. shipments of products 3, 4, 5, and 6 have decreased irregularly, while U.S. shipments of products 1 and 2 have fluctuated. Shipments of products 4 and 5 from Finland have increased during the period despite wide fluctuations from quarter to quarter. No clear trends are evident for shipments from Mexico and the Netherlands.

Table V-1
Purified CMC: Weighted-average f.o.b. prices and quantities of product 1 sold to end users and margins of underselling/(overselling), by quarters, January 2005-September 2010

* * * * * * *

Table V-2
Purified CMC: Weighted-average f.o.b. prices and quantities of product 2 sold to end users and margins of underselling/(overselling), by quarters, January 2005-September 2010

* * * * * * *

Table V-3
Purified CMC: Weighted-average f.o.b. prices and quantities of product 3 sold to end users and margins of underselling/(overselling), by quarters, January 2005-September 2010

* * * * * * *

Table V-4
Purified CMC: Weighted-average f.o.b. prices and quantities of product 4 sold to end users and margins of underselling/(overselling), by quarters, January 2005-September 2010

* * * * * * *

[7] Dutch prices for CP Kelco were only reported ***. Prices, quantities, and margins for the Netherlands with *** data excluded are shown in appendix E.

Table V-5
Purified CMC: Weighted-average f.o.b. prices and quantities of product 5 sold to end users and margins of underselling/(overselling), by quarters, January 2005-September 2010

* * * * * * *

Table V-6
Purified CMC: Weighted-average f.o.b. prices and quantities of product 6 sold to end users and margins of underselling/(overselling), by quarters, January 2005-September 2010

* * * * * * *

Figure V-1
Purified CMC: Weighted-average prices and quantities of domestic and imported product, by quarters, January 2005-September 2010

* * * * * * *

Table V-7
Purified CMC: Summary of weighted-average f.o.b. prices for products 1-6 from the United States, Finland, Mexico, Netherlands and Sweden, January 2005-September 2010

* * * * * * *

Price Comparisons

Prices of imports from Finland and Mexico were lower than prices of U.S.-produced purified CMC in the majority of quarterly comparisons during January 2005 through September 2010, as were the three price comparisons involving Sweden, while prices of imports from the Netherlands were higher in the majority of cases. Breakouts of margins of underselling/overselling by product and by country are shown in table V-8.[8]

[8] ***.

Table-V-8
Purified CMC: Instances of underselling (overselling) and the range of margins, by countries, January 2005-September 2010

Item	Underselling		Overselling	
	Number of instances	Range (*percent*)	Number of instances	Range (*percent*)
By product:				
Product 1	18	0.6-14.7	31	1.5-122.5
Product 2	26	0.3-26.3	18	1.2-138.1
Product 3	11	5.2-33.6	22	0.4-125.5
Product 4	22	2.9-33.5	11	2.5-25.6
Product 5	45	3.3-47.4	6	1.6-31.4
Product 6	0	-	18	0.9-128.5
By country:				
Finland	49	0.6 - 33.5	11	3.2 - 128.5
Mexico	56	0.6 - 47.4	24	1.2 - 25.6
Netherlands	14	0.3 - 26.3	71	0.4 - 138.1
Sweden	3	23.5 -27.4	0	-

Source: Compiled from data submitted in response to Commission questionnaires.

Results of equivalent f.o.b quarterly price comparisons during 2002-04 from the original investigation are shown in table II-9. The data show that prices of imports from Finland were lower than prices of U.S.-produced purified CMC in all comparison, prices of imports from Mexico and Finland were lower in the majority of comparisons, and prices of Dutch imports were higher in the majority of comparisons.[9]

[9] Confidential Staff Report, *Purified Carboxymethylcellulose from Finland, Mexico, Netherlands and Sweden (Investigation Nos. 731-TA-1084-1087 (Final)*, June 2, 2005, pp. V-21 through V-26. In addition to the f.o.b. price comparisons, there were also net delivered purchase price comparisons during the original investigations. In these comparisons prices of imports from Finland were lower than U.S. prices in 25 comparisons and higher in 3 comparisons; prices of imports from Mexico were lower in 18 comparisons and higher in 29comparisons; prices of imports from the Netherlands were lower in 20 comparisons and higher in 29 comparisons; and prices of imports from Sweden were lower in 18 comparisons and higher in 6 comparisons (table V-16 in the Confidential Staff Report).

Table-V-9
Purified CMC: Instances of underselling (overselling) and the range of margins, by countries, 2002-2004

Item	Underselling		Overselling	
	Number of instances	Range (*percent*)	Number of instances	Range (*percent*)
By product:				
Product 1	20	0.6-21.4	6	0.6-27.2
Product 2	11	1.4-24.4	14	4.7-86.0
Product 3	10	7.5-22.2	13	4.0-351.5
Product 4	12	26.5-42.6	5	57.5-78.9
Product 5	23	15.2-27.5	4	4.3-10.6
Product 6	1	2.1-2.1	11	1.5-40.5
By country:				
Finland	24	17.7-42.6	0	-
Mexico	23	1.3-28.7	18	4.3-86.0
Netherlands	21	0.6-24.4	29	0.6-351.5
Sweden	9	7.5-22.2	6	21.6-280.7

Source: Compiled from data submitted in response to Commission questionnaires.

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–1084–1087 (Review)]

Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission; [1] to be assured of consideration, the deadline for responses is July 1, 2010. Comments on

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 10–5–217, expiration date June 30, 2011. Public reporting burden for the request is estimated to average 15 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

the adequacy of responses may be filed with the Commission by August 16, 2010. For further information concerning the conduct of these reviews and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207), as most recently amended at 74 FR 2847 (January 16, 2009).

DATES: *Effective Date:* June 1, 2010.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), 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*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On July 11, 2005, the Department of Commerce issued antidumping duty orders on imports of purified carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden (70 FR 39734). The Commission is conducting reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions.—The following definitions apply to these reviews:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year review, as defined by the Department of Commerce.

(2) The *Subject Countries* in these reviews are Finland, Mexico, Netherlands, and Sweden.

(3) The *Domestic Like Product* is 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 determinations, the Commission found one *Domestic Like Product* consisting of all forms of purified carboxymethylcellulose, as that term was defined by Commerce in the scope of the original investigations.[2]

(4) The *Domestic Industry* is 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. Based on its finding that the *Domestic Like Product* consisted of all purified carboxymethylcellulose, the Commission found in its original determinations that the *Domestic Industry* consisted of Aqualon, the only domestic producer of purified carboxymethylcellulose at that time.

(5) The *Order Date* is the date that the antidumping duty orders under review became effective. In these reviews, the *Order Date* is July 11, 2005.

(6) An *Importer* is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list.—Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register.** The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are advised that they may appear in a review even if they participated personally and substantially in the corresponding underlying original investigation. The Commission's designated agency ethics official has advised that a five-year review is not considered the "same particular matter" as the corresponding underlying original investigation for purposes of 18 U.S.C. 207, the post employment statute for Federal employees, and Commission rule 201.15(b)(19 CFR 201.15(b)), 73 FR 24609 (May 5, 2008). This advice was developed in consultation with the Office of Government Ethics. Consequently, former employees are not required to seek Commission approval to appear in a review under Commission rule 19 CFR 201.15, even if the corresponding underlying original investigation was pending when they were Commission employees. For further ethics advice on this matter, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register.** Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification.—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions.—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is July 1, 2010. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should

[2] Commerce excluded three forms of carboxymethylcellulose from the scope of the original investigations: unpurified or crude carboxymethylcellulose (often called "technical carboxymethylcellulose"), carboxymethylcellulose in fluidized polymer suspension, and carboxymethylcellulose that is cross-linked through heat treatment.

conduct an expedited or full review. The deadline for filing such comments is August 16, 2010. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information.—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided In Response To This Notice Of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export *Subject Merchandise* from more than one *Subject Country;* or produce *Subject Merchandise* in more than one *Subject Country,* you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent *Subject Country.* As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product,* a U.S. union or worker group, a U.S. importer of the *Subject Merchandise,* a foreign producer or exporter of the *Subject Merchandise,* a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry.*

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product.* Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the *Subject Merchandise* in each *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries since the *Order Date.*

(7) A list of 3–5 leading purchasers in the U.S. market for the *Domestic Like Product* and the *Subject Merchandise* (including street address, World Wide Web address, and the name, telephone number, fax number, and E-mail address of a responsible official at each firm).

(8) A list of known sources of information on national or regional prices for the *Domestic Like Product* or the *Subject Merchandise* in the U.S. or other markets.

(9) If you are a U.S. producer of the *Domestic Like Product,* provide the following information on your firm's operations on that product during calendar year 2009, except as noted (report quantity data in pounds and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production;

(b) Capacity (quantity) of your firm to produce the *Domestic Like Product* (*i.e.,* the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix);

(c) The quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s);

(d) The quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s); and

(e) The value of (i) Net sales, (ii) cost of goods sold (COGS), (iii) gross profit, (iv) selling, general and administrative (SG&A) expenses, and (v) operating income of the *Domestic Like Product* produced in your U.S. plant(s) (include both U.S. and export commercial sales, internal consumption, and company transfers) for your most recently completed fiscal year (identify the date on which your fiscal year ends).

(10) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Country(ies),* provide the following information on your firm's(s') operations on that product during calendar year 2009 (report quantity data in pounds and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from each *Subject Country* accounted for by your firm's(s') imports;

(b) the quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of *Subject Merchandise* imported from each *Subject Country;* and

(c) The quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from each *Subject Country.*

(11) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject*

Country(ies), provide the following information on your firm's(s') operations on that product during calendar year 2009 (report quantity data in pounds and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in each *Subject Country* accounted for by your firm's(s') production;

(b) Capacity (quantity) of your firm to produce the *Subject Merchandise* in each *Subject Country* (i.e., the level of production that your establishment(s) could reasonably have expected to attain during the year, assuming normal operating conditions (using equipment and machinery in place and ready to operate), normal operating levels (hours per week/weeks per year), time for downtime, maintenance, repair, and cleanup, and a typical or representative product mix); and

(c) the quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject Merchandise* from each *Subject Country* accounted for by your firm's(s') exports.

(12) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in each *Subject Country* since the *Order Date,* and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; 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); and 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). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in each *Subject Country,* and such merchandise from other countries.

(13) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry;* if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: May 24, 2010.

William R. Bishop,

Acting Secretary to the Commission.

[FR Doc. 2010–12760 Filed 5–28–10; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Five-Year ("Sunset") Review

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

SUMMARY: In accordance with section 751(c) of the Tariff Act of 1930, as amended ("the Act"), the Department of Commerce ("the Department") is automatically initiating a five-year review ("Sunset Review") of the antidumping and countervailing duty orders listed below. The International Trade Commission ("the Commission") is publishing concurrently with this notice its notice of *Institution of Five-Year Review* which covers the same orders.

DATES: *Effective Date:* June 1, 2010.

FOR FURTHER INFORMATION CONTACT: The Department official identified in the *Initiation of Review* section below at AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Ave., NW., Washington, DC 20230. For information from the Commission contact Mary Messer, Office of Investigations, U.S. International Trade Commission at (202) 205–3193.

SUPPLEMENTARY INFORMATION:

Background

The Department's procedures for the conduct of Sunset Reviews are set forth in its *Procedures for Conducting Five-Year ("Sunset") Reviews of Antidumping and Countervailing Duty Orders,* 63 FR 13516 (March 20, 1998) and 70 FR 62061 (October 28, 2005). Guidance on methodological or analytical issues relevant to the Department's conduct of Sunset Reviews is set forth in the Department's 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).

Initiation of Review

In accordance with 19 CFR 351.218(c), we are initiating the Sunset Review of the following antidumping and countervailing duty orders:

DOC Case No.	ITC Case No.	Country	Product	Department contact
A–405–803	731–TA–1084	Finland	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–201–834	731–TA–1085	Mexico	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–421–811	731–TA–1086	Netherlands	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–405–803	731–TA–1087	Sweden	Carboxymethyl-cellulose	Dana Mermelstein (202) 482–1391.
A–423–808	731–TA–788	Belgium	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–475–822	731–TA–790	Italy	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–580–831	731–TA–791	Korea	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–791–805	731–TA–792	South Africa	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
A–583–830	731–TA–783	Taiwan	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–1391.
A–428–825	731–TA–798	Germany	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–475–824	731–TA–799	Italy	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–588–845	731–TA–800	Japan	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–580–834	731–TA–801	Korea	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–201–822	731–TA–802	Mexico	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
A–583–831	731–TA–803	Taiwan	Stainless Steel Sheet and Strip in Coils (2nd Review).	Dana Mermelstein (202) 482–1391.
C–423–809	701–TA–376	Belgium	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
C–791–806	701–TA–379	South Africa	Stainless Steel Plate in Coils (2nd Review).	Brandon Farlander (202) 482–0182.
C–580–835	701–TA–382	Korea	Stainless Steel Sheet and Strip in Coils (2nd Review).	Brandon Farlander (202) 482–0182.

Filing Information

As a courtesy, we are making information related to Sunset proceedings, including copies of the pertinent statute and Department's regulations, the Department schedule for Sunset Reviews, a listing of past revocations and continuations, and current service lists, available to the public on the Department's Internet Web site at the following address: *http://ia.ita.doc.gov/sunset/.* All submissions in these Sunset Reviews must be filed in accordance with the Department's regulations regarding format, translation, service, and certification of documents. These rules can be found at 19 CFR 351.303.

Pursuant to 19 CFR 351.103(d), the Department will maintain and make available a service list for these proceedings. To facilitate the timely preparation of the service list(s), it is requested that those seeking recognition as interested parties to a proceeding contact the Department in writing within 10 days of the publication of the Notice of Initiation.

Because deadlines in Sunset Reviews can be very short, we urge interested parties to apply for access to proprietary information under administrative protective order ("APO") immediately following publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. The Department's regulations on submission of proprietary information and eligibility to receive access to business proprietary information under APO can be found at 19 CFR 351.304–306.

Information Required From Interested Parties

Domestic interested parties defined in section 771(9)(C), (D), (E), (F), and (G) of the Act and 19 CFR 351.102(b) wishing to participate in a Sunset Review must respond not later than 15 days after the date of publication in the **Federal Register** of this notice of initiation by filing a notice of intent to participate. *See* 19 CFR 351.218(d)(1)(i). The required contents of the notice of intent to participate are set forth at 19 CFR 351.218(d)(1)(ii). In accordance with the Department's regulations, if we do not receive a notice of intent to participate from at least one domestic interested party by the 15-day deadline, the Department will automatically revoke the order without further review. *See* 19 CFR 351.218(d)(1)(iii).

If we receive an order-specific notice of intent to participate from a domestic interested party, the Department's regulations provide that *all parties* wishing to participate in the Sunset Review must file complete substantive responses not later than 30 days after the date of publication in the **Federal Register** of this notice of initiation. The required contents of a substantive response, on an order-specific basis, are set forth at 19 CFR 351.218(d)(3). Note that certain information requirements differ for respondent and domestic parties. Also, note that the Department's information requirements are distinct from the Commission's information requirements. Please consult the Department's regulations for information regarding the Department's conduct of Sunset Reviews.[1] Please

[1] In comments made on the interim final sunset regulations, a number of parties stated that the proposed five-day period for rebuttals to substantive responses to a notice of initiation was insufficient. This requirement was retained in the

consult the Department's regulations at 19 CFR part 351 for definitions of terms and for other general information concerning antidumping and countervailing duty proceedings at the Department.

This notice of initiation is being published in accordance with section 751(c) of the Act and 19 CFR 351.218 (c).

John M. Andersen,

Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2010–13058 Filed 6–1–10; 8:45 am]

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final sunset regulations at 19 CFR 351.218(d)(4). As provided in 19 CFR 351.302(b), however, the Department will consider individual requests to extend that five-day deadline based upon a showing of good cause.

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–1084–1087 (Review)]

Purified Carboxymethylcellulose From Finland, Mexico, Netherlands, and Sweden

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on purified carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden.

SUMMARY: The Commission hereby gives notice of the scheduling of a full review pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on purified carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden 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, subparts A through E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* September 14, 2010.

FOR FURTHER INFORMATION CONTACT: Cynthia Trainor (202–205–3354), 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*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background.—On September 7, 2010, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the reviews and public service list.—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after

publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report.—The prehearing staff report in the reviews will be placed in the nonpublic record on January 26, 2011, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing.—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on February 16, 2011, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before February 8, 2011. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on February 10, 2011, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony in camera no later than 7 business days prior to the date of the hearing.

Written submissions.—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is February 9, 2011. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is February 28, 2011; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before February 28, 2011. On April 1, 2011, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before April 5, 2011, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II(C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: September 15, 2010.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2010–23677 Filed 9–21–10; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–405–803, A–421–811, A–401–808]

Purified Carboxymethylcellulose From Finland, the Netherlands, and Sweden: Final Results of the Expedited First Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On June 2, 2010, the Department of Commerce (the Department) initiated first sunset reviews of the antidumping duty orders on purified carboxymethylcellulose (CMC) from, *inter alia,* Finland, the Netherlands, and Sweden, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). The Department has conducted expedited (120-day) sunset reviews of the Finland, the Netherlands, and Sweden antidumping duty orders pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2).[1] As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping.

FOR FURTHER INFORMATION CONTACT: Dena Crossland or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482–3362 or (202) 482–3019, respectively.

SUPPLEMENTARY INFORMATION:

Background

On June 2, 2010, the Department published in the **Federal Register** the notice of initiation of the sunset reviews of the antidumping duty orders on CMC from Finland, the Netherlands, Mexico, and Sweden, pursuant to section 751(c) of the Act. *See Initiation of Five-Year ("Sunset") Review,* 75 FR 30777 (June 2, 2010) (*Notice of Initiation*).

The Department received a notice of intent to participate from domestic interested party Aqualon Company (Aqualon)[2] within the deadline specified in 19 CFR 351.218(d)(1)(i). Aqualon claimed interested party status under section 771(9)(C) of the Act, as the sole manufacturer of a domestic-like product in the United States.

The Department received adequate substantive responses to the *Notice of Initiation* from Aqualon within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). We received no substantive responses from respondent interested parties with respect to the antidumping duty orders on CMC from Finland and Sweden.

On July 2, 2010, respondent Akzo Nobel filed a response concerning the sunset review of CMC from the Netherlands. Using the data provided by Aqualon in its July 1, 2010, substantive response, and data provided by Akzo Nobel in its July, 2, 2010, response, the Department found that Akzo Nobel accounted for less than 50 percent of exports of subject merchandise from the Netherlands. On July 22, 2010, the Department determined that Akzo Nobel's response was not adequate because it did not account for more than 50 percent of the total exports of subject merchandise to the United States over the relevant five-year period as required by 19 CFR 351.218(e)(1)(ii)(A). *See* Memorandum to Richard O. Weible, Director, AD/CVD Operations, Office 7, "Adequacy Determination in the First Five-Year 'Sunset Review' (2005 through 2009) of the Antidumping Duty Order on Purified Carboxymethylcellulose from the Netherlands," dated July 22, 2010.

As a result, pursuant to 19 CFR 351.218(e)(1)(ii)(C)(2), the Department determined that it would conduct expedited (120-day) sunset reviews of the antidumping duty orders on CMC from Finland, the Netherlands, and Sweden and notified the U.S. International Trade Commission. *See* Letter to Ms. Catherine DeFilippo, Director, Office of Investigations, U.S. International Trade Commission, from James Maeder, Director, Office 2, AD/CVD Operations, entitled "Expedited and Full Sunset Reviews of the Antidumping Duty Orders Initiated in June 2010," dated July 22, 2010.

On September 15, 2010, the Department contacted Aqualon regarding its reference to Harmonized Tariff Schedule of the United States (HTSUS) number 3913.31.00.10 at page

[1] With respect to the antidumping duty order on CMC from Mexico, the Department is conducting a full sunset review, the preliminary results of which were signed on September 20, 2010. *See Purified Carboxymethylcellulose from Mexico: Preliminary Results of the First Five-Year ("Sunset") Review of Antidumping Duty Order,* 75 FR 60084 (September 29, 2010).

[2] Aqualon Company is a division of Hercules Incorporated.

12 of the Appendix of its substantive response, dated July 1, 2010. Aqualon stated on September 15, 2010, that it had mistakenly referenced the wrong HTSUS number in its substantive response and intended to reference HTSUS number 3912.31.00.10. *See* Memorandum to the File from Dena Crossland, Regarding Preliminary Results of First Sunset Review of the Antidumping Duty Order on Purified Carboxymethylcellulose from Finland, the Netherlands, and Sweden; Correction to Domestic Interested Party's July 1, 2010, Substantive Response, dated September 23, 2010.

Scope of the Orders

The merchandise covered by the orders is all purified CMC, sometimes also referred to as purified sodium CMC, polyanionic cellulose, or cellulose gum, which is a white to off-white, non-toxic, odorless, biodegradable powder, comprising sodium CMC that has been refined and purified to a minimum assay of 90 percent. Purified CMC does not include unpurified or crude CMC, CMC Fluidized Polymer Suspensions, and CMC that is cross-linked through heat treatment. Purified CMC is CMC that has undergone one or more purification operations, which, at a minimum, reduce the remaining salt and other by-product portion of the product to less than ten percent. The merchandise subject to the orders is currently classified in the HTSUS at subheading 3912.31.00.[3] This tariff classification is provided for convenience and customs purposes; however, the written description of the scope of the orders is dispositive.

Analysis of Comments Received

All issues raised in these reviews are addressed in the "Issues and Decision Memorandum for the Expedited First Sunset Reviews of the Antidumping Duty Orders on Purified Carboxymethylcellulose from Finland, the Netherlands, and Sweden" from Susan H. Kuhbach, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration (Decision Memo), which is hereby adopted by, and issued concurrently with, this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these reviews and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room 7046 of the main Department building. In addition, a complete version of the Decision Memo can be accessed directly on the Web at *http://ia.ita.doc.gov/frn.* The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty orders on CMC from Finland, the Netherlands, and Sweden would be likely to lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-average margin (percent)
Finland:	
CP Kelco Oy	6.65
All Others Rate	6.65
The Netherlands:	
Akzo Nobel Surface Chemistry B.V.[4]	13.39
CP Kelco B.V.	14.88
All Others Rate	14.57
Sweden:	
CP Kelco AB	25.29
All Others Rate	25.29

[3] Although HTSUS number 3912.31.00.10 may be more specific to subject merchandise, it was not created until 2005. As such, we are relying on HTSUS number 3912.31.00 for purposes of these sunset reviews because in determining whether revocation of an order would likely lead to continuation or recurrence of dumping, the Department considers the margins established in the investigation and/or reviews conducted during the sunset review period as well as the volume of imports for the periods before and after the issuance of the order. *See* section 752(c)(1) of the Act.

[4] The Department preliminarily determined that Akzo Nobel Functional Chemicals B.V. is the successor-in-interest to Akzo Nobel Surface Chemistry B.V. *See Purified Carboxymethylcellulose From the Netherlands; Preliminary Results of Antidumping Duty Administrative Review,* 75 FR 48310 (August 10, 2010). The Department intends to issue the final results on December 8, 2010 (the deadline may be extended).

Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders 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 the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: September 30, 2010.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2010–25210 Filed 10–5–10; 8:45 am]

BILLING CODE 3510–DS–P

[4] The Department preliminarily determined that Akzo Nobel Functional Chemicals B.V. is the successor-in-interest to Akzo Nobel Surface Chemistry B.V. *See Purified Carboxymethylcellulose From the Netherlands; Preliminary Results of Antidumping Duty Administrative Review,* 75 FR 48310 (August 10, 2010). The Department intends to issue the final results on December 8, 2010 (the deadline may be extended).

with the hearing in another proceeding, the Commission is issuing a revised schedule. Specifically, the public hearing in connection with the reviews, scheduled to begin at 9:30 a.m. on February 16, 2011, is rescheduled to begin at 9:30 a.m. on February 15, 2011 at the U.S. International Trade Commission Building.

For further information concerning this investigation see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to sections 207.24 and 207.66 of the Commission's rules.

By order of the Commission.

Issued: January 12, 2011.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 2011–948 Filed 1–18–11; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–1084–1087 (Review)]

Purified Carboxymethylcellulose From Finland, Mexico, Netherlands, and Sweden

AGENCY: United States International Trade Commission.

ACTION: Revised schedule for the subject reviews.

DATES: *Effective Date:* January 7, 2011.

FOR FURTHER INFORMATION CONTACT: Cynthia Trainor (202–205–3354), 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*). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On September 15, 2010, the Commission established a schedule for the conduct of this review (75 FR 57815, September 22, 2010). Due to a scheduling conflict

t

DEPARTMENT OF COMMERCE

International Trade Administration

[A–201–834]

Purified Carboxymethylcellulose From Mexico: Final Results of the First Five-Year ("Sunset") Review of Antidumping Duty Order

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

SUMMARY: On September 29, 2010, the Department of Commerce ("the Department") published a notice of preliminary results of the full sunset review of the antidumping duty order on purified carboxymethylcellulose ("CMC") from Mexico pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). *See Purified Carboxymethylcellulose from Mexico: Preliminary Results of the First Five-year ("Sunset") Review of Antidumping Duty Order*, 75 FR 60084 (September 29, 2010) ("Preliminary Results"). We provided interested parties an opportunity to comment on our *Preliminary Results.* The Department did not receive comments from either domestic or respondent interested parties. As a result of this review, the Department continues to find that that revocation of the antidumping duty order with respect to CMC from Mexico would likely lead to continuation or recurrence of dumping at the levels listed below in the section entitled "Final Results of Review."

FOR FURTHER INFORMATION CONTACT: Dena Crossland or Angelica Mendoza, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–3362 or (202) 482–3019, respectively.

SUPPLEMENTARY INFORMATION:

Background

On September 29, 2010, the Department published in the **Federal Register** a notice of preliminary results of the full sunset review of antidumping duty order on CMC from Mexico, pursuant to section 751(c) of the Act. *See Preliminary Results,* 75 FR 60084. In our *Preliminary Results,* we found that revocation of the antidumping duty order with respect to CMC from Mexico would likely lead to a continuation or recurrence of dumping at the margins determined in the final determination of the original investigation. Id. We provided interested parties an opportunity to comment on our *Preliminary Results. Id.* We did not receive comments from either domestic or respondent interested parties.

Scope of the Order

The merchandise covered by the order is all purified CMC, sometimes also referred to as purified sodium CMC, polyanionic cellulose, or cellulose gum, which is a white to off-white, non-toxic, odorless, biodegradable powder, comprising sodium CMC that has been refined and purified to a minimum assay of 90 percent. Purified CMC does not include unpurified or crude CMC, CMC Fluidized Polymer Suspensions, and CMC that is cross-linked through heat treatment. Purified CMC is CMC that has undergone one or more purification operations, which, at a minimum, reduce the remaining salt and other by-product portion of the product to less than ten percent. The

merchandise subject to the order is currently classified in the Harmonized Tariff Schedule of the United States ("HTSUS") at subheading 3912.31.00.[1] This tariff classification is provided for convenience and Customs purposes; however, the written description of the scope of the order is dispositive.

Final Results of Review

We have made no changes to our *Preliminary Results*, 75 FR 60084. We continue to find that revocation of the antidumping duty order with respect to CMC from Mexico would likely lead to a continuation or recurrence of dumping at the following percentage weighted-average margins:

Manufacturer/producer/exporter	Weighted-average margin percentage
Quimica Amtex	12.61
All Others	12.61

In accordance with section 752(c)(3) of the Act, we will notify the International Trade Commission of the final results of this full sunset review.

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 section 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 notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: January 20, 2011.

Ronald K. Lorentzen,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 2011–1797 Filed 1–26–11; 8:45 am]

BILLING CODE 3510–DS–P

[1] Although HTSUS number 3912.31.00.10 may be more specific to subject merchandise, it was not created until 2005. As such, we are relying on HTSUS number 3912.31.00 for purposes of this sunset review because in determining whether revocation of an order would likely lead to continuation or recurrence of dumping, the Department considers the margins established in the investigation and/or reviews conducted during the sunset review period as well as the volume of imports for the periods before and after the issuance of the order. *See* section 752(c)(1) of the Act.

EXPLANATION OF COMMISSION DETERMINATIONS ON ADEQUACY

in

Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden
Inv. Nos. 731-TA-1084-1087 (Review)

On September 7, 2010, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)(5)).

The Commission received one response to the notice of institution from a domestic interested party, Aqualon Company ("Aqualon"). Aqualon, the petitioner and only domestic producer in the original investigations, currently is the only known producer of purified carboxymethylcellulose ("CMC") in the United States. The Commission found Aqualon's individual response to be adequate. With respect to the orders concerning purified CMC from Finland, Mexico, Netherlands, and Sweden, the Commission determined that the domestic interested party group response was adequate.

The Commission received an adequate response concerning the antidumping duty order on purified CMC from Mexico filed by Quimica Amtex, S.A. de C.V. ("Amtex"), a foreign producer and exporter of subject merchandise from Mexico. With respect to the review of the antidumping duty order on purified CMC from the Netherlands, the Commission received an adequate response filed by Azko Nobel Functional Chemicals B.V. ("ANFC"), a subject producer/exporter in the Netherlands.

The Commission found that the respondent interested party group responses were adequate with respect to the orders on purified CMC from Mexico and the Netherlands because respondents from each of these countries accounted for a significant share of the production of subject merchandise in their respective countries.

Because the group and individual responses from both domestic interested parties and respondent interested parties were adequate in the reviews of the orders concerning purified CMC from Mexico and the Netherlands, the Commission determined to conduct full reviews in these proceedings.

The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Finland and Sweden, and therefore determined that the respondent interested party group responses for these countries were not adequate. The Commission nevertheless voted to conduct full reviews concerning subject imports from Finland and Sweden to promote administrative efficiency in light of the Commission's determination to conduct full reviews of the other orders in these grouped reviews.

A record of the Commissioners' votes is available from the Office of the Secretary and on the Commission's website (http://www.usitc.gov).

APPENDIX B

CALENDAR OF PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Purified Carboxymethylcellulose from Finland, Mexico, Netherlands, and Sweden

Inv. Nos.: 731-TA-1084-1087 (Review)

Date and Time: February 15, 2011 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room, 500 E Street (room 101), SW, Washington, D.C.

EMBASSY APPEARANCE:

Embassy of Mexico
Washington, D.C.

Salvador Behar, Legal Counsel for International Trade

OPENING REMARKS:

In Support of Continuation of Orders (**Edward M. Lebow**, Haynes and Boone, LLP)
In Opposition to Continuation of Orders (**Jeffrey S. Neeley**, Barnes, Richardson & Colburn *and* **Matthew T. West**, Baker Botts LLP)

In Support of Continuation of Antidumping Duty Orders:

Haynes and Boone LLP
Washington, D.C.
on behalf of
Aqualon Company

John E. Panichella, President, Aqualon Company

Jeffrey S. Wolff, Vice-President, Regulated Industries, Aqualon Company

In Support of Continuation of
Antidumping Duty Orders (continued):

Karen Gruber, Global Business Director, CMC,
Aqualon Company

Zissis Pappas, Global Industries Director, Oilfield and
and Specialties Businesses, Aqualon Comp

Daniel W. Klett, Principal, Capital Trade Inc.

Edward M. Lebow) – OF COUNSEL

In Opposition to Continuation of
Antidumping Duty Orders:

Barnes, Richardson & Colburn
Washington, D.C.
on behalf of
Quimica Amtex, S.A. de C.V. ("Amtex")

Volker Nessel, General Manager, Amtex

Corrado Piotti, Vice President *and* Director
of Sales, Amtex

David Gazzera, General Manager, Amtex
Chemicals, LLC

Eduardo de la Fuente, Director, Technology and
Quality, Azteca Milling

Jeffrey S. Neeley)
) – OF COUNSEL
Matthew T. McGrath)

In Opposition to Continuation of
Antidumping Duty Orders (continued):

Baker Botts LLP
Washington, D.C.
on behalf of
Akzo Nobel Functional Chemicals B.V. ("Akzo Nobel")

Frank Grootnibbelink, Finance Director, Akzo Nobel

Philip Raatjes, Business Director CMC, Akzo Nobel

Susan Henley Manning, Ph.D., Senior Vice President,
& D.C. Managing Director, Compass Lexecon

Matthew T. West)
) – OF COUNSEL
Jason A. Wilcox)

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**Edward Lebow**,
Haynes and Boone, LLP)
In Opposition to Continuation of Orders (**Jeffrey S. Neeley**,
Barnes, Richardson & Colburn *and* **Matthew T. West**,
Baker Botts LLP)

-END-

APPENDIX C

SUMMARY DATA

Purified CMC: Summary tables		
Table No.	**Imports**	**Countries cumulated**
C-1	Market shares for subject country imports are based on **shipments** of U.S. imports.	**Four** subject countries.
C-2	Market shares for subject country imports are based on **shipments** of U.S. imports.	**Finland, Netherlands, and Mexico**.
C-3	Market shares for subject country imports are based on **shipments** of U.S. imports.	**Finland and Netherlands** and **Mexico and Sweden**

Table C-1
Purified CMC: Summary data concerning the U.S. market, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Table C-2
Purified CMC: Summary data concerning the U.S. market, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

Table C-3
Purified CMC: Summary data concerning the U.S. market, 2005-09, January-September 2009, and January-September 2010

* * * * * * *

APPENDIX D

COMMENTS ON THE SIGNIFICANCE OF THE EXISTING ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS COMMENTS

The Commission requested U.S. producers to describe any anticipated changes in the character of their operations or organization relating to the production of purified CMC in the future if the antidumping duty orders on purified CMC from Finland, Mexico, Netherlands, or Sweden were to be revoked.
(Question II-4)

Aqualon

"***."

The Commission requested U.S. producers to describe the significance of the antidumping duty orders on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-16)

Aqualon

"***."

The Commission asked U.S. producers whether they anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, or asset values relating to the production of purified CMC in the future if the antidumping duty orders were to be revoked. (Question II-17)

Aqualon

"***

***."

U.S. IMPORTERS COMMENTS

The Commission asked U.S. importers if they would anticipate any changes in their operations or organization relating to the importation of purified CMC the future if the antidumping duty orders were to be revoked. (Question II-4)

***

"*** no longer imports purified CMC. After two importations in 2008, the decision was made to purchase the limited amount of purified CMC we require in our end use domestically."

***

"No answer."

***

"No answer."

***

"Purified CMC from Finland, Mexico, Netherlands, and Sweden could be more competitive, than now. We would consider purchasing from those countries."

***

"No answer."

***

"No answer."

***

"No answer."

***

"No answer."

***

"No answer."

***

"Yes, we would then consider including Subject country establishments in our tender process."

***

"No answer."

***

"No answer."

***

"***."

***

"No response."

***

"We believe that the existence of the anti-dumping order has made us more competitive than we otherwise would have been and see no reason to make changes in the event the order is revoked."

***

"No answer."

***

"No answer."

***

"No answer."

***

"No answer."

***

"No answer."

***

"No answer."

***

"Move to Finland and Mexico if pricing negotiations create favorable pricing."

The Commission requested U.S. importers to describe the significance of the existing antidumping duty orders covering imports of purified CMC in terms of their effect on their firms' imports, U.S. shipments of imports, and inventories. (Question II-10)

***

"We are no longer the Importer of Record of purified CMC and for the two shipments where we did act as the Importer of Record, the amount we require in our end-use product comprises a small percent (0.5%) of our overall product mix that cost was not a significant factor for us. The driving factor for us purchasing our purified CMC is that there is the same CMC supplier that is used in our European product, not cost."

***

"The existing ADD order served as a disadvantage to my company, as thus we were obligated to pay antidumping duty (ADD) for import of CMC from CP Kelco in the Netherlands. Prior to purchase from CP Kelco, we explored opportunities to source CMC from other suppliers, both domestically and other foreign sources, but no other such sources could provide CMC with the unique properties required – specifically, extremely low "degree of substitution" which was not available from all other sources. CP Kelco (the Netherlands) produced this material via pilot plant manufacturing to my company's unique specification of very low "degree of substitution" - D S O. 35."

***

"None."

***

"No answer."

***

"We do not import from Finland, Mexico, Netherlands, or Sweden. And we do not have any further plans to import from these countries."

***

"Our import from Mexico is occasional, just to cover needs we cannot satisfy with owned local inventory, therefor the antidumping does not affect our business significantly."

***

"*** imported only from China and currently purchases CMC from U.S. producers only. Our CMC business started after the anti-dumping order so we have no reference to use to judge any significant effect on our business."

***

"No answer."

***

"Imported material no longer cost competitive."

***

"We had multiple sources for our U.S. operations prior to 2005. Afterwards we had Italian and Chinese sources as the U.S. supplier did not support out *** pricing needs. Since 2005 we have approved 4 additional Chinese and 1 Indian source for our global requirements."

***

"Other than increasing the cost of the goods, the antidumping duty did not materially change our imports, shipments, or inventories."

***

"The orders have had no effect on our business. *** imported a small volume of CMC from Japan in 2005 and 2006, but has not been involved in this market since we stopped importing CMC from Japan in July 2006. *** never imported from the subject countries, either before or after the order was put into place, and has no relationships with any CMC producers or exporters in the subject countries."

***

"***."

***

"No answer."

***

"*** goal is to be the preferred partner for providing innovative products and solutions through the use of nature-based chemistry. Our products are derived from natural raw materials, and *** strives to provide these products with minimal modifications. These products serve many functions, including viscosity modification, thickening, suspension, stabilization and gelation. We have not changed this mission or the underlying strategy simply because of an anti-dumping order. We have invested significant resources related to the compliance aspect of the order(s), and are more focused on modeling the impact pricing may have on our anti-dumping margins so that we can make sound business decisions, but these are secondary to the core belief that ethical behavior, environmentally conscious behavior and safe behavior are cornerstones to building an integrated sustainable company. *** is a dynamic, globally-directed and customer-focused company. Our reputation and success depends on the integrity of our employees' individual actions and decisions."

***

"The antidumping order did not bring any significant change for ***. The customers of the company are virtually the same as before the order. The drop in demand for purified CMC from such customers is not attributable to the antidumping order, but to world economic situation and particularly the slow recovery of the US market from said crisis."

***

"*** is a very small player in the U.S. market and does not have sufficient knowledge of relevant aspects of the U.S. market to provide meaningful comments on the effects of the order."

***

"We believe that this decrease in demand that we experienced for purified sales in 2008 and 2009 was a result of the economic downturn in the U.S.; as such it is difficult for us to determine the extent to which the antidumping duty order covering purified CMC from*** caused a decrease in our sales. While we saw an increase in sales in 2006 over 2005, sales in the years 2007, 2008, and 2009 did decrease. We believe that factors relating to customers' use of purified CMC products and overall economic conditions in the U.S. played a larger role for this decrease than the imposition of the antidumping duty order. In 2010, we have seen a significant increase in sales over 2009. We believe that this increase in demand in the U.S. will continue."

***

"No answer."

***

"In 2005 and 2006 we were not the importer of record and 2007 and beyond we stopped purchasing from these countries."

***

"Little or no impact."

***

"No significance."

The Commission requested U.S. importers if they would anticipate any changes in their imports, U.S. shipments of imports, or inventories of purified CMC in the future if the antidumping duty orders were to be revoked. (Question II-11)

***

"Again, because we do not import purified CMC ourselves and the amount we use is minimal, we do not anticipate any changes."

***

"No answer."

***

"No answer."

***

"No answer."

***

"No answer."

***

"No answer."

***

"Expectations are that U.S. producers will become immediately uncompetitive due to low cost imports in particular from Mexico."

***

"No answer."

***

"More competitive costs could result in imports of CMC."

***

"We would bring Mexico and Finland suppliers into the bid process to increase the competitive global edge."

***

"No answer."

***

"No answer."

***

"***."

***

"No answer."

***

"We believe that the existence of the anti-dumping order has made us more competitive than we otherwise would have been and see no reason to make changes in the event the order is revoked."

***

"No answer."

***

"No answer."

***

"At this time our business plan does not anticipate any measurable increase in sales of purified CMC products to customers in the U.S., even if the antidumping duty is lifted. As noted above, we do believe there may be an increasing demand for purified CMC compared to recent years. As this demand increases, we would expect to sell more to those customers to meet their increased demand. This assumes that the market price for CMC in the U.S. would be strong enough to justify the sale (*** has nor historically been a price-setter in the U.S. purified CMC market, but rather has been a price-taker). To the extent that the antidumping duty order may affect the market prices for purified CMC that we would be able to obtain for our products, the removal of the order (in combination with other market factors such as demand and market price) may allow for slight increases in our sales or purified CMC in the U.S."

***

"No answer."

***

"Our firm would entertain offers from qualified firms within these subject countries."

***

"No answer."

***

"If pricing from Finland and Mexico were favorable."

U.S. PURCHASERS COMMENTS

The Commission requested U.S. purchasers to describe the likely effects of any revocation of the subject antidumping duty orders on the future activities of their firm and the entire U.S. market. (Questions III-31 (1) and III-31 (2)). The following are quotations from the responses of purchasers:

(1) Effects on the activities of the firm

***

"No change."

***

No answer.

***

"Revocation may make the PAC from the subject countries more price competitive to Chinese PAC and warrant consideration by ***."

***

"Revocation will allow Finland to be competitive and allow for secondary sources of supply. Currently Ashland doers not have any downward pressure on pricing."

***

"Cost us income."

***

"Product availability."

***

"It will not likely change anything. We have CMC from US, Finland, and Mexico qualified. We buy the US material because of the technical service and equipment which is provided at a competitive cost."

***

"Market not improved. Very tight - Gov't interference has created pricing issues and confusion.."

***

"We will continue to operate as is as we don't buy from US sources."

***

"No change anticipated."

***

"Not known."

***

"Unknown."

***

"Oilfield market has shifted from purified grades and no changes in demand are anticipated."

***

"As a distributor of purified CMC that we purchase from Mexico, we believe the revocation of the anti dumping orders for the imports of purified CMC from Mexico will not harm Hercules, Inc., the major purified CMC producer in the United States."

***

"If prices were to increase we would go back to other product."

***

"The fire/closure of CP Kelco's factory in the Netherlands in August 2009 removed a 10,000 mt annual capacity of Food and Pharmaceutical grade material from the market. CP Kelco has tried to fill this gap with material from its factory in Finland, but they are unable to make all of the products that were produced in the Netherlands. As such, they have dropped some customers and/or products. Additionally, the CMC market has been very tight over the past 6 months due to increased demand and reduced supply of specialty cotton linters that are a key raw material."

***

"Material in Finland and Netherlands & Mexico will be competitive on global pricing basis and will be part of our future annual tenders for the US business. Several already provide products outside the US to our company."

***

"Related information is not known."

***

"None."

***

"These activities will not change our requirements for "CMC". If our product is a success I imagine the price will reduce and availability will increase if the antidumping duty is removed."

***

"As noted in section I-7 and validated by our 2005-2010 purchasing history data it is unlikely that revocation would change our purchasing decisions. Upon any revocation of the duty we would analyze the best value equation and allocate accordingly."

***

“No effects anticipated because CMC is a minor component in only a few of *** products.”

***

“No change to what we do.”

***

“Market will determine price levels.”

***

“1. Would allow for negotiations to take place with standardized responses with common baselines. 2. Would ease financial pressures for U.S. medical device manufacturers using foreign sources of purified CMC. 3. Would reinforce open market principles.”

***

“From Mexico: We will benefit as they are unable to compete in all markets despite customer demand for their product & quality.”

***

“No answer.”

***

“No direct impact on our future activities.”

***

“My firm will entertain offers from qualified sources in target countries.”

***

“No change in the relationship with our current supply.”

***

“Not sure.”

***

“None.”

***

“I don’t know.”

***

"Hopefully this will open up avenues to approve a secondary source."

***

"I don't know."

***

"Unknown."

(2) <u>Effects on the entire U.S. market</u>

***

"No change."

***

"Aqualon has not improved the products or processes with the funds they have received during the time perceived. Not certain what validity this act did for the consumers.

***

"Revocation may make the PAC from the subject countries more competitive."

***

"No answer."

***

"Cost us income."

***

"Product availability."

***

"Unknown."

***

"? Don't know."

***

"Because of other pressures in the market (cotton prices), prices will go up regardless and any cost savings associated with revocation of these tariffs will probably be invisible."

***

"No change anticipated."

***

"Not known."

***

"Unknown."

***

"u/k."

***

"It will be to the advantage of USA users of purified CMC to have the opportunity to purchase from all suppliers domestic and foreign imports. This will open the market to new product opportunities. A closed market to imported purified CMC if allowed to continue could cost the US market the opportunity to discover possible new CMC technology and products from foreign imports. Competition always improves a market and products."

***

"Don't know."

***

"n/a."

***

"They will have an opportunity to quote for business in the US as all other approved sources are able to today."

***

"Related information is not known."

***

"Unknown."

***

"Price reduction and availability increase."

***

"We cannot speak with any certainty but our perspective is that revocation of the duty would require US manufacturers to evaluate their operating efficiencies, capacity utilization, and feed-stock flexibility in order to assess how they can be long-term viable in the CMC market. This may also lead to manufacturers becoming more focused on particular grades/markets where they are most competitive."

***

"Unknown."

***

"Price should decline if duty is revoked."

***

"Market will determine price levels."

***

"1. Allow for competition. 2. Allow for additional growth for residual business (i.e., transportation, warehousing, distribution, etc.). 3. Improve opportunities for offshore chem companies to move business to U.S."

***

"No answer."

***

"Market prices may drop to more acceptable levels"

***

"No comment."

***

"This firm has not monitored the CMC industry to have sufficient knowledge to identify or discuss the effects on the US market as a whole."

***

"Not sure."

****

"Unknown."

****

"I don't know."

****

"Availability."

****

"I don't know."

****

"Unknown."

FOREIGN PRODUCERS/EXPORTERS' COMMENTS

The Commission requested foreign producers to indicate whether they anticipated any changes in their operations or organization relating to the production of purified CMC in the future if the antidumping duty orders were to be revoked, and if yes, to describe those changes. (Question II-4)

Akzo Nobel Functional Chemicals B.V.

"***."

Quimica Amtex S.A.de C.V.

"***."

CP Kelco

"***."

The Commission requested foreign producers to identify export markets (other than the United States) where they have developed or to which they have increased their sales of purified CMC as a result of the antidumping duty orders. (Question II-13)

Akzo Nobel Functional Chemicals B.V.

"***."

Quimica Amtex S.A.de C.V.

"***."

CP Kelco

"***."

The Commission requested foreign producers to describe the significance of the existing antidumping duty orders covering imports of purified CMC in terms of their effect on their firms' production capacity, production, home market shipments, exports to the United States and other markets, and inventories. (Question II-14)

Akzo Nobel Functional Chemicals B.V.

"***."

Quimica Amtex S.A.de C.V.

"***."

CP Kelco

"***."

The Commission asked foreign producers if they would anticipate any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories in the future if the antidumping duty orders were to be revoked. (Question II-15)

Akzo Nobel Functional Chemicals B.V.

"*** ."

Quimica Amtex S.A.de C.V.

"***."

CP Kelco

"***."

The Commission asked foreign producers to discuss any anticipated changes in terms of the product range, product mix, or marketing of purified CMC in their home markets, for export to the United States, or for export to third-country markets in the future, identifying the time period(s) involved and the factor(s) that they believe would be responsible for such changes. (Question III-11)

Akzo Nobel Functional Chemicals B.V.

"***."

Quimica Amtex S.A.de C.V.

"***."

CP Kelco

"***."

APPENDIX E

DUTCH PRICE DATA FOR PRODUCTS 2 AND 3 WITH *** EXCLUDED

Table V2
Purified CMC: Weighted-average f.o.b. prices and quantities of product 2 sold to end users and margins of underselling/(overselling) for the United States and the Netherlands with * data excluded in the quarters where it reported, by quarters, July-September 2006 through April-June 2008**

* * * * * * *

Table V-3
Purified CMC: Weighted-average f.o.b. prices and quantities of product 3 sold to end users and margins of underselling/(overselling)for the United States and the Netherlands with * data excluded in the quarters where it reported, by quarters, April-June 2007 and January-March 2008**

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