

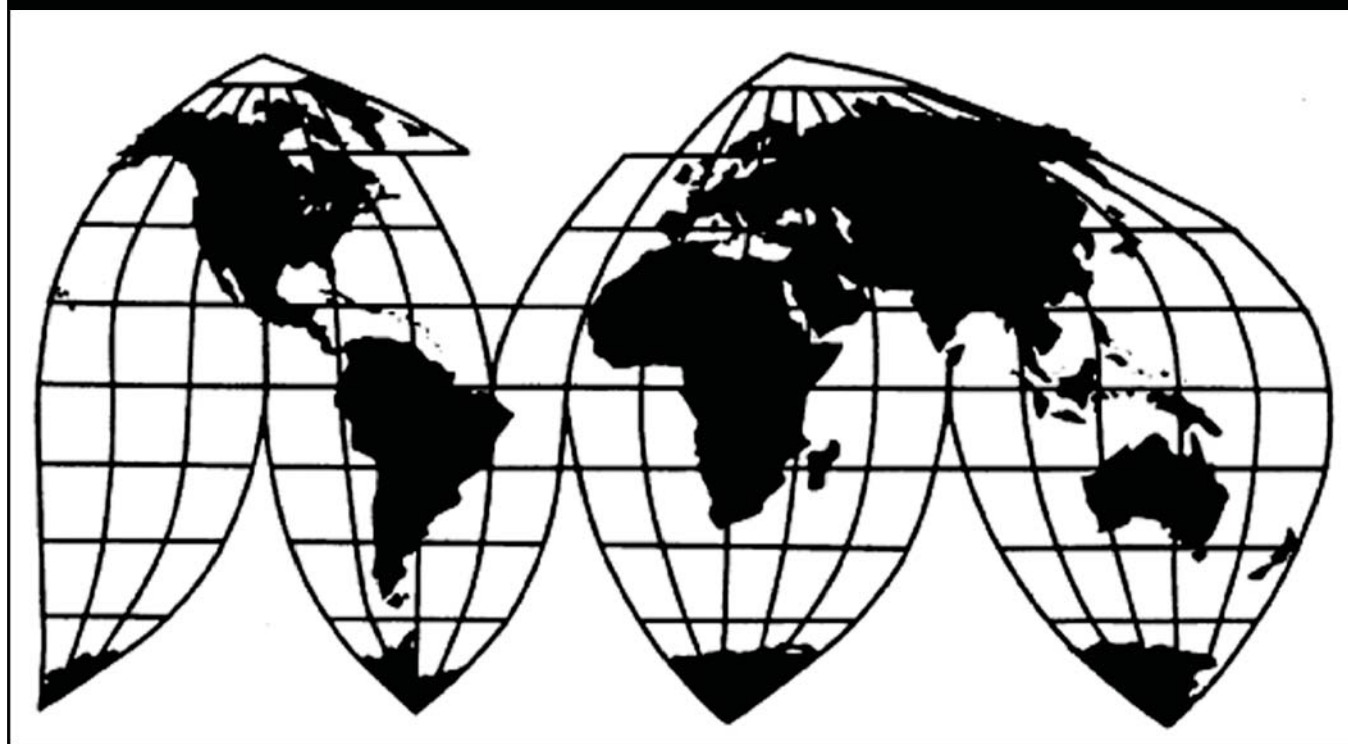
# Potassium Permanganate from China

Investigation No. 731-TA-125 (Third Review)

Publication 4183

September 2010

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-125 (Third Review)

POTASSIUM PERMANGANATE FROM CHINA

## **DETERMINATION**

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)), that revocation of the antidumping duty order on potassium permanganate from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

## **BACKGROUND**

The Commission instituted this review on May 3, 2010 (75 F.R. 23298) and determined on August 6, 2010 that it would conduct an expedited review (75 F.R. 51112, August 18, 2010).

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





## VIEWS OF THE COMMISSION

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

### I. BACKGROUND

#### A. The Original Determination

In January 1984, the Commission unanimously determined that an industry in the United States was being materially injured by reason of less than fair value (“LTFV”) imports<sup>1</sup> of potassium permanganate from China<sup>2</sup> and Spain.<sup>3</sup> The U. S. Department of Commerce (“Commerce”) issued antidumping duty orders on potassium permanganate from China<sup>4</sup> and Spain.<sup>5</sup>

#### B. The Commission’s Five-Year Reviews

On November 2, 1998, the Commission instituted reviews pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), to determine whether revocation of the antidumping duty orders would likely lead to continuation or recurrence of material injury.<sup>6</sup> On February 4, 1999, the Commission voted to conduct full reviews.<sup>7</sup> On November 4, 1999, the Commission determined that revocation of the order on potassium permanganate from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time and that revocation of the order on potassium permanganate from Spain would not be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>8</sup> No party appealed either determination.

On October 1, 2004, the Commission instituted a review pursuant to section 751(c) of the Act to determine whether revocation of the remaining antidumping duty order on China would likely lead to

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<sup>1</sup> The Commission’s original investigations predate the present statutory cumulation provision. 19 U.S.C. § 1677 (7)(G) and (H) (1994). In the original investigations, the Commission did not cumulate subject imports from China and Spain in making its material injury determinations. See Potassium Permanganate from the People’s Republic of China and Spain, Inv. Nos. 731-TA-125 and -126 (Preliminary), USITC Pub. 1369 (April 1983), at 10 (China) and 11 (Spain).

<sup>2</sup> Potassium Permanganate from China, Inv. No. 731-TA-125 (Final), USITC Pub. 1480 (January 1984) (“Original Investigation (China)”).

<sup>3</sup> Potassium Permanganate from Spain, Inv. No. 731-TA-126 (Final), USITC Pub. 1474 (January 1984) (“Original Investigation (Spain)”).

<sup>4</sup> 49 Fed. Reg. 3897 (January 31, 1984).

<sup>5</sup> 49 Fed. Reg. 2277 (January 19, 1984).

<sup>6</sup> 63 Fed. Reg. 58765 (November 2, 1998).

<sup>7</sup> See Explanation of Commission Determination on Adequacy in Potassium Permanganate from China and Spain (February 18, 1999) (“Adequacy Explanation”). See also 64 Fed. Reg. 9177 (February 24, 1999) (notice of Commission determination to conduct full five-year reviews).

<sup>8</sup> Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review) USITC Pub. 3245 (November 1999) (“First Five-Year Review”).

continuation or recurrence of material injury.<sup>9</sup> On June 2, 2005, in an expedited review, the Commission determined that revocation of the antidumping duty order on potassium permanganate from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>10</sup>

### C. The Current Review

The Commission instituted this five-year review on April 22, 2010.<sup>11</sup> The Commission received a substantive response to the notice of institution from domestic interested party Carus Corporation (“Carus”).<sup>12</sup> The Commission did not receive any responses from producers or exporters of potassium permanganate in China or from any U.S. importers of the subject merchandise.

On March 6, 2010, the Commission found the domestic interested party response to the notice of institution to be adequate and the respondent interested party response to be inadequate.<sup>13</sup> The Commission did not find any circumstances that would warrant conducting a full review and determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.<sup>14</sup>

## II. DOMESTIC LIKE PRODUCT

In making its determination under section 751(c) of the Act, the Commission defines “the domestic like product” and the “industry.”<sup>15</sup> The Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle.”<sup>16</sup> The Commission’s practice in five-year reviews is to look to the like product definition from the original determination and any completed reviews and consider whether the record indicates any reason to revisit the prior findings.<sup>17</sup>

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<sup>9</sup> 69 Fed. Reg. 58955 (October 1, 2004).

<sup>10</sup> Potassium Permanganate from China, Inv. No. 731-TA-125 (Second Review), USITC Pub. 3778 (June 2005) (“Second Five-Year Review”).

<sup>11</sup> Institution of a Five-year Review Concerning the Antidumping Duty Order on Potassium Permanganate from China, 75 Fed. Reg. 23298 (May 3, 2010).

<sup>12</sup> Staff Report, INV-HH-088 (September 2, 2010) (“CR”) at I-3 n.4; PR at I-3 n.4.

<sup>13</sup> See Explanation of Commission Determination on Adequacy.

<sup>14</sup> Id.; 19 U.S.C. § 1675(c)(3) (2006).

<sup>15</sup> 19 U.S.C. § 1677(4)(A).

<sup>16</sup> 19 U.S.C. § 1677(10); see, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991); see also S. Rep. No. 249, 96th Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>17</sup> See, e.g., Internal Combustion Industrial Forklift Trucks From Japan, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (December 2005); Crawfish Tail Meat From China, Inv. No. 731-TA-752 (Review), USITC Pub. 3614 at 4 (July 2003); Steel Concrete Reinforcing Bar From Turkey, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (February 2003).

## **A. Product Description**

In its expedited sunset determination, Commerce defined the subject merchandise, potassium permanganate, as “an inorganic chemical produced in free-flowing, technical, and pharmaceutical grades.”<sup>18</sup>

Potassium permanganate, or potassium of potash, is a compound of manganese, potassium, and oxygen. It exists at room temperature as a dark-purple crystalline solid of rhombic shape with a blue metallic sheen. All three grades of potassium permanganate are produced domestically at the same facilities using the same equipment and employees. The free-flowing grade is produced by adding an anti-caking agent to the technical grade, preventing the particles from sticking together when in contact with moisture. The pharmaceutical grade must be at least 99 percent potassium permanganate by weight, usually requires more testing than the other grades, and requires recrystallization to remove impurities or to meet customer specifications. The three grades of potassium permanganate are generally interchangeable in their various applications, except for pharmaceutical applications. Potassium permanganate is used principally as an oxidizing agent in the following applications: municipal water treatment, wastewater treatment, chemical manufacturing and processing, aquaculture (fish farming), metal processing, and air and gas purification. In addition, potassium permanganate is used as a decoloring and bleaching agent in the textile and tanning industries, as an oxidizer in the decontamination of radioactive wastes, as an aid in the flotation processes used in mining, and in cleaning printed circuit boards.<sup>19</sup>

## **B. The Commission’s Original Determination and Prior Reviews**

In the original investigations, the Commission considered whether there were three like products defined by grade or one like product defined as all potassium permanganate. The Commission determined that there was only one like product, potassium permanganate.<sup>20</sup> The Commission found that the three grades possessed the identical chemical formula and were produced, for the most part, using the same manufacturing process. It also found increasing interchangeability of technical and free-flowing grade potassium permanganate for many uses and “historically similar pricing” for these two grades.<sup>21</sup> At the time of the original investigation, the U.S. industry produced all three grades of potassium permanganate.

In the first and second five-year reviews, the Commission defined the domestic like product as all potassium permanganate, regardless of grade. In so doing, the Commission noted that none of the parties argued for a different domestic like product. It further noted that the three grades of potassium

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<sup>18</sup> Potassium Permanganate from the People’s Republic from China: Final Results of the Expedited Sunset Review of the Antidumping Duty Order, 75 Fed. Reg. 52509 (August 26, 2010).

<sup>19</sup> CR at I-9 to I-11, PR at I-7 to I-9.

<sup>20</sup> Original Investigation (Spain) at 6; Original Investigation (China) at 7. See also Potassium Permanganate from the People’s Republic of China and Spain, Invs. Nos. 731-TA-125-126 (Preliminary), USITC Pub. 1369 at 6 (April, 1983) (“Original Preliminary Investigation”).

<sup>21</sup> Original Investigation (Spain) at 4-6; Original Investigation (China) at 5-7. In the original investigation, the Commission found that the processing to qualify technical grade potassium permanganate as pharmaceutical grade was an added cost. The Commission found that pharmaceutical grade potassium permanganate would not normally be used in place of free flowing or technical grade. Given that the Chinese technical grade had not undergone the testing necessary to qualify it as pharmaceutical grade, the Commission found that there were no imports of pharmaceutical grade potassium permanganate from China during the period of investigation. See Original Investigation (China) at 6-7 and n.11.

permanganate are used for similar applications; that they are produced domestically at the same facilities using the same equipment and employees; and that the major manufacturing process for all three grades is similar.<sup>22</sup>

### **C. Analysis and Conclusion**

No new facts have been presented to warrant a conclusion regarding the domestic like product that is different from that reached in the Commission's past determinations. Moreover, no party raised any objections to that definition of the domestic like product.

Therefore, we find that the appropriate definition of the domestic like product in this third five-year review is all potassium permanganate, regardless of grade, the same as Commerce's scope. This definition is unchanged from the definition in the Commission's original determination and two subsequent five-year reviews.<sup>23</sup>

## **III. DOMESTIC INDUSTRY**

Section 771(4)(A) of the Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>24</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

In its original determination and in both prior five-year reviews, the Commission defined the domestic industry as all domestic producers of potassium permanganate.<sup>25</sup> Based on our definition of the domestic like product, we define the domestic industry to include all U.S. producers of the domestic like product.<sup>26</sup>

## **IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDER IS REVOKED**

### **A. Legal Standard**

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping or countervailing duty order unless (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."<sup>27</sup> The SAA states that "under the likelihood

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<sup>22</sup> First Five-Year Review at 6; Second Five-Year Review at 5.

<sup>23</sup> See Original Investigation (Spain) at 6; Original Investigation (China) at 7; First Five-Year Review at 6; and Second Five-Year Review at 5.

<sup>24</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>25</sup> See Original Investigation (China) at 7; First Five-Year Review at 6; and Second Five-Year Review at 6.

<sup>26</sup> Carus was the only commercial producer of potassium permanganate in the United States in 2009. CR at I-3 n.4, PR at I-3 n.4.

<sup>27</sup> 19 U.S.C. § 1675a(a).

standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>28</sup> Thus, the likelihood standard is prospective in nature.<sup>29</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>30 31 32</sup>

The Act states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>33</sup> 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.”<sup>34</sup>

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 effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>35</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in

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<sup>28</sup> 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.

<sup>29</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>30</sup> See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), aff’d mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); Nippon Steel Corp. v. United States, 26 CIT 1416, 1419 (2002) (same); Usinor Industeel, S.A. v. United States, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, 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’”).

<sup>31</sup> 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).

<sup>32</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape From Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 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.

<sup>33</sup> 19 U.S.C. § 1675a(a)(5).

<sup>34</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>35</sup> 19 U.S.C. § 1675a(a)(1).

the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>36</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination.<sup>37</sup>

As discussed above, no foreign producer of potassium permanganate responded to the Commission's notice of institution. Accordingly, when appropriate in this review, we have relied on the facts otherwise available, which consist of information from the original investigation and the first and second five-year reviews, as well as information submitted in this review, including information provided by the domestic industry, questionnaire responses, and information available from published sources.<sup>38 39</sup>

## **B. Conditions of Competition and Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."<sup>40</sup>

### **1. The Commission's Original Determination and Prior Reviews**

In the original investigation, the Commission found that potassium permanganate was used in various industries and municipalities as an oxidizer, primarily for water and wastewater treatment for the removal of impurities and the reduction of odor.<sup>41</sup> The Commission noted that potassium permanganate was manufactured in three grades (technical, free-flowing, and pharmaceutical). The Commission found that, although China produced only technical grade potassium permanganate, Chinese producers

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<sup>36</sup> 19 U.S.C. § 1675a(a)(1). We note that Commerce made no duty absorption findings.

<sup>37</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>38</sup> 19 U.S.C. § 1677e(a) authorizes the Commission to "use the facts otherwise available" in reaching a determination when (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to 19 U.S.C. § 1677m(i). The verification requirements in 19 U.S.C. § 1677m(i) are applicable only to Commerce. See Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750, 765 (Ct. Int'l Trade 2002) ("the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of Commission investigations.").

<sup>39</sup> Chairman Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive." SAA at 869.

<sup>40</sup> 19 U.S.C. § 1675a(a)(4).

<sup>41</sup> Original Investigation (China) at 4.

manufactured it to such high purity standards that the Chinese technical grade could be sold in the United States as pharmaceutical grade, suitable for use in food and pharmaceutical applications.<sup>42</sup> Finally, the Commission found that the use of technical grade potassium permanganate was increasing due to the availability of significantly lower priced technical grade from China.<sup>43</sup>

In its first five-year review, the Commission identified several conditions of competition that were pertinent to its analysis of the U.S. market for potassium permanganate. The Commission found that the primary end use for potassium permanganate in the U.S. market was as an oxidizing agent in water and wastewater treatment and that most potassium permanganate sold in the United States was free-flowing grade, while almost all of the remainder was technical grade.<sup>44</sup> The Commission also found that the United States was the largest market for potassium permanganate in the world and that demand for potassium permanganate had increased steadily from 1982 to 1998.<sup>45</sup> Demand for potassium permanganate in water and wastewater treatment was expected to continue to increase in part because of stricter federal guidelines for water treatment.<sup>46</sup> The Commission found that both domestic production and capacity had increased since the original investigation, but not at the same rate as demand.<sup>47</sup> The Commission noted that Carus's production capacity was \*\*\* to apparent U.S. consumption during the period of review. The Commission further found that a substantial percentage of Carus's production \*\*\*.<sup>48</sup> Finally, the Commission determined that potassium permanganate continued to be a fungible, price sensitive product and sales for potassium permanganate were made directly or through distributors.<sup>49</sup> It observed that importers and purchasers indicated that there was a moderate to high degree of substitutability between the domestic like product and subject and nonsubject imports.<sup>50</sup>

In the second five-year review, the Commission found that the principal markets for potassium permanganate -- municipal drinking water and wastewater treatment -- were relatively mature. As a result, the demand for potassium permanganate in water and wastewater treatment was not expected to grow in the reasonably foreseeable future. Because the opportunities for growth in these mature markets were expected to be limited, Carus was seeking to increase the use of potassium permanganate in other applications, such as aquaculture, metal processing, agrochemicals, and hazardous waste treatment.<sup>51</sup> The Commission noted that, since the first five-year review, apparent U.S. consumption had declined, although the United States continued to be the world's largest market for potassium permanganate in 2004. The Commission also found that domestic capacity remained fairly steady since the original investigation, while Carus's market share fell during the period of review due to an increase in nonsubject imports of potassium permanganate in 2003.<sup>52</sup> Finally, the Commission found that potassium permanganate continued to be a fungible, price sensitive product and that most potassium permanganate

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<sup>42</sup> Original Investigation (China) at 4-6.

<sup>43</sup> Original Investigation (China) at 6-7.

<sup>44</sup> First Five-Year Review at 18-19.

<sup>45</sup> First Five-Year Review at 19.

<sup>46</sup> First Five-Year Review at 19.

<sup>47</sup> First Five-Year Review at 20.

<sup>48</sup> First Five-Year Review at 20.

<sup>49</sup> First Five-Year Review at 21.

<sup>50</sup> First Five-Year Review at 21.

<sup>51</sup> Second Five-Year Review at 8.

<sup>52</sup> Second Five-Year Review at 8.

was sold to distributors, who in turn sold to government water authorities through a bidding process in which the lowest bidder often won.<sup>53</sup>

## 2. The Current Review

A number of specific conditions of competition have not changed since the original investigation. Municipal drinking water and wastewater treatment remain the primary domestic uses for potassium permanganate and still account for the majority of current U.S. demand.<sup>54</sup> Potassium permanganate is a fungible chemical commodity, and U.S. municipalities continue to award potassium permanganate supply contracts to the lowest bidder through a transparent and competitive bidding process in which contracts may be won on price differences as low as pennies per pound.<sup>55</sup> The domestic market for potassium permanganate is mature, with \*\*\* apparent U.S. consumption \*\*\*.<sup>56</sup>

A number of changes in the conditions of competition have occurred since the order was imposed. China has further increased production capacity and excess capacity, with annual production capacity estimated to be approximately 134 million pounds, compared to 77 million pounds in the second five-year review.<sup>57</sup> Since the second five-year review, Chongqing Jialing, the largest Chinese potassium permanganate producer, has significantly expanded production and, along with a number of other Chinese producers, reportedly produces the full range of potassium permanganate grades.<sup>58</sup> Apparent U.S. consumption also has declined since the second five-year review. However, the United States was the world's \*\*\* in 2009 (\*\*\*), and it continues to be an attractive market due to its size and price levels.<sup>59</sup>

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<sup>53</sup> Second Five-Year Review at 9.

<sup>54</sup> CR at I-11, PR at I-8 to I-9; and Carus Response at 19. In 1999 and 2005, wastewater and drinking water treatment accounted for approximately \*\*\* percent of domestic consumption. CR at I-12, PR at I-10. It accounted for approximately \*\*\* percent of consumption in 2009. Carus Response at 19. Information gathered during the second five-year review indicated that Carus considered gradually phasing out its U.S. production of potassium permanganate in favor of sodium permanganate. CR at I-16, PR at I-12. Sodium permanganate can be used in the same applications as potassium permanganate, but it is substantially more expensive, on a dry basis, than potassium permanganate. Sodium permanganate is more soluble than potassium permanganate and, therefore, can be used more readily in liquid form (a 40 percent solution in water is the most common form imported or exported). Consequently, sodium permanganate use tends to be limited to those applications in which a customer is willing to pay a premium. CR at I-12 n.28, PR at I-9 n.28. In the second five-year review, Carus reported that the volume of sodium permanganate produced and traded had increased significantly and that the firm had increased its annual production capacity several fold. CR at I-16 to I-17, PR at I-12 to I-13. The use of sodium permanganate as a substitute appeared to be corroborated by bids reported on the Internet for which both sodium permanganate and potassium permanganate were used in wastewater treatment. CR at I-17, PR at I-12 to I-13. No new information regarding the use of sodium permanganate as a substitute for potassium permanganate has been developed in this five-year review.

<sup>55</sup> Carus Response at 19 and Attachments 8 and 9.

<sup>56</sup> CR at I-16, PR at I-12; Carus Response at 8-9.

<sup>57</sup> CR at I-17, PR at I-13; and Carus Response at 9 and Attachment 13. Based on current capacity and estimated 2009 production in China, Chinese producers' excess capacity in 2009 was estimated to have been 61.1 million pounds, more than double the level of excess capacity in the second five-year review. Carus Response at 9 and Attachment 13.

<sup>58</sup> CR at I-17 and I-18, PR at I-13; Carus Response at 9.

<sup>59</sup> Second Five-Year Review at 9 and Table I-5; CR at I-15 and I-29, PR at I-11 and I-19; Carus Response at Attachment 13.



Also, potassium permanganate producers worldwide experienced significant price increases for raw materials in 2008 and 2009.<sup>60</sup>

Nonsubject imports were present in the U.S. market throughout the period examined, although their market share remained relatively flat over the period.<sup>61</sup>

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

In evaluating the likely volume of imports of subject merchandise if the order 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.<sup>62</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>63</sup>

#### **1. The Commission’s Original Determination and Prior Reviews**

In the original investigation, the Commission found that, following a drop in volume between 1980 and 1981, subject imports increased from 281,000 pounds to 588,000 pounds in 1982 and that 1.4 million pounds were imported from China in January-August 1983 compared to 407,000 pounds in January-August 1982.<sup>64</sup> The Commission also found that the ratio of subject imports to apparent domestic consumption, excluding purchases from Chemagro,<sup>65</sup> rose from 1980 to 1981, declined from 1981 to 1982, and then more than doubled during the first eight months of 1983 relative to the same period in 1982.<sup>66</sup>

In the first five-year review, the Commission found that subject imports from China increased dramatically from 1986 to 1990 to 2.5 million pounds, but decreased to 300,000 pounds in 1992 following an increase in antidumping duty margins after an administrative review by Commerce. It further noted that Chinese imports increased significantly between 1992 and 1993. The Commission noted that, in 1994, Commerce found that subject Chinese potassium permanganate was being transshipped through Hong Kong resellers that were previously assigned a margin of 39.53 percent and, as a result, Commerce assigned a country-wide margin of 128.4 percent to all subject imports. Subject

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<sup>60</sup> CR at I-17 and I-18, PR at I-13; Carus Response at 9.

<sup>61</sup> CR/PR at Table C-1.

<sup>62</sup> 19 U.S.C. § 1675a(a)(2).

<sup>63</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>64</sup> Original Investigation (China) at 9-10.

<sup>65</sup> In the original investigation, the Commission found that Carus imported a substantial amount of potassium permanganate from China in 1980 to meet its contractual obligations. In 1981, Carus lost Chemagro, its largest customer, because Chemagro switched to a manufacturing process that did not require the use of potassium permanganate. The Commission found that the drop in subject imports from 1980 to 1981 was due, in large part, to Carus’s loss of Chemagro as a customer and the consequent drop in Carus’s purchases of potassium permanganate from China. Original Investigation (China) at 9 and n.28.

<sup>66</sup> Original Investigation (China) at 9-10 and Table 18. The Commission also made an affirmative critical circumstances finding with respect to subject imports from China. Original Investigation (China) at 12-14.

imports from China then declined steeply and were virtually non-existent by the end of the period covered by the first five-year review.<sup>67</sup>

In the second five-year review, the Commission concluded, on the basis of facts available, that the subject import volume was likely to increase significantly and would be significant if the order were revoked. The Commission found that the Chinese producers had greatly expanded their capacity and would continue to do so in the future through the construction of additional plants.<sup>68</sup> It further concluded that the Chinese producers had the ability to ship substantial volumes of potassium permanganate to the United States if the order were revoked, finding that Chinese producers had significant unused production capacity and were highly export-oriented.

The Commission found that, although China produced only technical and pharmaceutical grades during the original investigation, Chinese producers were increasingly able to provide free-flowing potassium permanganate for export. The Commission found that Chinese producers' ability to supply free-flowing grade to the U.S. market enhanced their ability to compete in the United States.<sup>69</sup> Moreover, the Commission found that other factors created incentives for Chinese producers to shift exports to the U.S. market if the order were revoked. The U.S. market commanded higher prices for potassium permanganate than other export markets, and the record demonstrated that subject producers continued to view the United States as an attractive market.<sup>70</sup> Finally, the Commission found that the European Union and India had imposed antidumping measures on potassium permanganate from China and that these measures provided a further incentive for Chinese producers to resume shipping potassium permanganate to the U.S. market if the order were revoked.<sup>71</sup>

## 2. The Current Review

Several factors support the conclusion that the subject import volume is likely to be significant in the event of revocation of the order. First, Chinese producers have considerable production capacity and unused capacity. Carus estimates that Chinese producers have the ability to produce at least \*\*\* pounds of potassium permanganate annually, corresponding to about \*\*\* of world production in 2009. Carus also estimates that annual potassium permanganate consumption in China in 2009 was \*\*\* million pounds. Thus, if the Chinese industry supplied the entire Chinese market, Chinese producers would still have the capacity to produce \*\*\* million pounds of potassium permanganate for export.<sup>72</sup> Carus also estimates that Chinese producers' excess production capacity is \*\*\* pounds, more than double the 28.4 million pounds of excess capacity estimated for 2004.<sup>73</sup>

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<sup>67</sup> Second Five-Year Review at 11.

<sup>68</sup> Second Five-Year Review at 11-12.

<sup>69</sup> Second Five-Year Review at 12.

<sup>70</sup> Second Five-Year Review at 12.

<sup>71</sup> Second Five-Year Review at 12.

<sup>72</sup> Carus Response at 27-28.

<sup>73</sup> Carus Response at 9. We note that 61.1 million pounds would be equivalent to \*\*\* percent of apparent U.S. consumption in 2009. See CR/PR at Table C-1. Carus estimates that Chinese producers have about \*\*\* million pounds of additional potassium permanganate in inventory. CR at I-28, PR at I-19; and Carus Response at 26-27 and Attachment 13.

Second, the Chinese industry remains highly export-oriented. Carus reports that approximately \*\*\* percent of China's production was exported in 2009.<sup>74</sup> Information from the original investigation also shows that the Chinese industry was highly export-oriented.<sup>75</sup> The record further shows that potassium permanganate is used primarily for industrial applications in China, such as dyestuffs, textile bleaching, pharmaceutical intermediaries, farming, and metallurgy, not water treatment. Several of these Chinese industrial markets are reported to have contracted due to the recession, thus creating an incentive to devote additional volume to exports.<sup>76</sup> We also note that exports of Chinese product to the EU market more than tripled in one year after the EU terminated its antidumping measure on imports from China in 2006 indicating likely similar behavior if the U.S. order were revoked.<sup>77</sup>

Third, the United States is an attractive market for Chinese producers because of its size. The United States was the world's \*\*\* consumer of potassium permanganate in 2009, accounting for more than \*\*\* of global consumption.<sup>78</sup> Despite projected slow growth in demand, the United States is likely to remain one of the top potassium permanganate markets. The record also includes evidence that prices for potassium permanganate in the United States are higher than prices in other markets, indicating that the U.S. market would be attractive for Chinese producers.<sup>79</sup>

Finally, the Chinese industry faces a barrier to entry in the Indian market.<sup>80</sup> India has had antidumping measures on imports of potassium permanganate from China since 1995.<sup>81</sup>

Accordingly, based on the demonstrated ability of Chinese potassium permanganate producers to increase imports into the U.S. market rapidly, their substantial production capacity and excess capacity, their export orientation, the attractiveness of the U.S. market, and the antidumping measures on Chinese potassium permanganate in India, we find that the likely volume of subject imports, both in absolute terms and as a share of the U.S. market, would be significant if the order were revoked.

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<sup>74</sup> Carus Response at 28. China's 2009 production is estimated to have been \*\*\* pounds in 2009. CR at I-28, PR at I-19; and Carus Response at Attachment 13. Official export statistics show that China exported 19.7 million pounds of potassium permanganate in 2009. Carus Response at Attachment 5.

<sup>75</sup> Original Determination at 9-10. In the original investigation, the Commission found that the volume of Chinese subject imports increased from 281,000 pounds in 1981 to 588,000 pounds in 1982. Subject imports were 1.4 million pounds in January-August 1983 and 407,000 pounds in the same period in 1982. *Id.*

<sup>76</sup> Carus Response at 28-29. The record in this review also shows that the increased use of the Internet for potassium permanganate sales may facilitate increased exports to the United States by Chinese subject producers. Carus Response at 32-34 and Attachments 28 and 29.

<sup>77</sup> Carus Response at 29-30 and Attachment 24. From 2006 to 2007, Chinese exports of potassium permanganate to the EU reportedly increased from 1 million to 3.7 million pounds, with an average export price that decreased 13 percent. *Id.*

<sup>78</sup> Global potassium permanganate consumption was estimated at \*\*\* million pounds in 2009. \*\*\* was estimated to be the largest global consumer of potassium permanganate in 2009 (\*\*\* percent or \*\*\* million pounds), followed by \*\*\* (\*\*\* percent or \*\*\* million pounds) and the \*\*\* (\*\*\* percent or \*\*\* million pounds). CR/PR Table at I-7.

<sup>79</sup> Carus Response at 24-27 and Attachments 16, 18, and 19.

<sup>80</sup> CR/PR at Table I-7. India is the world's fourth largest market for potassium permanganate after China, the United States, and the European Union. *Id.*

<sup>81</sup> CR at I-30, PR at I-20.

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

In evaluating the likely price effects of subject imports if the order under review were revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports in relation to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>82</sup>

### **1. Original Investigation and Prior Reviews**

In the original investigation, the Commission found significant underselling and price suppression caused by dumped imports from China. The Commission also found that the domestic producer had lost sales and revenues due to low-priced imports from China.<sup>83</sup>

In the first five-year review, the Commission noted its findings of significant underselling, price suppression, and lost sales and revenues due to subject imports in the original investigation.<sup>84</sup> The Commission determined that subject imports from China would likely enter the United States at prices that would have a significant depressing or suppressing effect on U.S. prices if the order were revoked.<sup>85</sup> The Commission also found that potassium permanganate was a commodity product that was sold in a price sensitive market.<sup>86</sup> Given that prices were substantially higher in the United States than in other markets, the Commission found that Chinese producers would have an incentive to price their product substantially below the U.S. price to induce U.S. purchasers to switch from the domestic to the Chinese product. The Commission emphasized that this behavior had actually occurred during the period of the original investigation.<sup>87</sup>

In the second five-year review, the Commission noted that there was limited pricing information, but observed that the average unit values for subject potassium permanganate had been consistently lower than average unit values for the domestic like product. The Commission also found once again that potassium permanganate was a commodity product sold in a price sensitive market and that U.S. prices were substantially higher than those in other markets.<sup>88</sup> Thus, the Commission found that Chinese producers would have an incentive to price their product significantly below the prevailing U.S. price to induce U.S. purchasers to switch from domestic potassium permanganate to subject imports.<sup>89</sup> The Commission based its finding on the Chinese producers' behavior during the original investigation, the limited information concerning prices for Chinese potassium permanganate in non-U.S. markets, and the fact that antidumping measures had been imposed on imports from China in other countries. The

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<sup>82</sup> 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.

<sup>83</sup> Original Investigation (China) at 10-11.

<sup>84</sup> First Five-Year Review at 37.

<sup>85</sup> First Five-Year Review at 38.

<sup>86</sup> First Five-Year Review at 37.

<sup>87</sup> First Five-Year Review at 37-38.

<sup>88</sup> Second Five-Year Review at 13.

<sup>89</sup> Second Five-Year Review at 13-14.

Commission found that the Chinese producers' aggressive pricing indicated that they would be likely to significantly undersell the domestic like product in the U.S. market if the order were revoked.<sup>90</sup>

### 3. The Current Review

Because there have been no subject imports since 2002, there are no new pricing comparisons for subject and domestic potassium permanganate on the record of this review.<sup>91</sup> As discussed above, potassium permanganate is a commodity product sold in a price sensitive market, and U.S. prices are substantially higher than those found in other markets.<sup>92</sup> Therefore, Chinese producers would have an incentive to price significantly below the prevailing U.S. price to induce U.S. purchasers to switch to Chinese potassium permanganate, as in the original investigation.<sup>93</sup> We base our finding on the Chinese industry's behavior in the original investigation, the available record information regarding prices for Chinese potassium permanganate in third country markets,<sup>94</sup> and the imposition of antidumping measures in India on imports from China.

As discussed above, if the order were revoked, the United States would be an attractive export market for Chinese producers, given their substantial unused capacity, their export orientation, and the current prices in the U.S. market. Because of the high degree of interchangeability between subject and domestic potassium permanganate, the importance of price in purchasing decisions, and the ability of Chinese producers to export and thus compete for U.S. sales of all three grades of the subject merchandise, underselling is likely to result in significant adverse price effects, similar to those found in the original investigation.<sup>95</sup>

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

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<sup>90</sup> Second Five-Year Review at 14.

<sup>91</sup> CR at I- 25, PR at I-17.

<sup>92</sup> Carus Response at 24-26 and 38 (Carus price levels in the United States are over \$\*\*\* per pound higher than Chinese prices in non-U.S. export markets).

<sup>93</sup> Original Determination (China) at 11.

<sup>94</sup> Carus Response at 24-27 and Attachments 16, 18, and 19.

<sup>95</sup> Original Determination at 10-11 and Table 19.

## **E. Likely Impact of Subject Imports<sup>96</sup>**

In evaluating the likely impact of imports of subject merchandise if the order 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.<sup>97</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the order were revoked.<sup>98</sup>

### **1. The Commission's Original Determination and Prior Reviews**

In the original investigation, the Commission found that substantially lower prices for the subject potassium permanganate in a price sensitive market allowed subject imports to gain market share and resulted in price suppression, lost sales and revenues, and declines in employment. Consequently, the

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<sup>96</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885, 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.

In the final results of its expedited sunset review of the antidumping duty order on potassium permanganate from China, Commerce found likely antidumping duty margins of 128.94 percent for the PRC-wide entity. 75 Fed. Reg. at 52509. In the original LTFV investigation, Commerce calculated a 39.53 percent margin for China National Chemicals Import and Export Company and for all other Chinese manufacturers and exporters. See Antidumping Duty Order: Potassium Permanganate from the People's Republic of China, 49 Fed. Reg. 3897 (January 31, 1984). In 1994, Commerce found that Chinese-produced potassium permanganate was being transshipped through Hong Kong resellers that had previously been assigned a dumping margin of 39.53 percent and, as a result, Commerce assigned a country-wide dumping margin of 128.94 percent to all subject imports from China. Potassium Permanganate from the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 59 Fed. Reg. 26625, 26629 (May 23, 1994). The last administrative review conducted in 2002 did not result in the assignment of a new antidumping duty margin to any Chinese producer or exporter. Potassium Permanganate from the People's Republic of China; Final Results of Antidumping Duty Administrative Review, 68 Fed. Reg. 51765, 51766-67 (August 28, 2003). There have been no imports of potassium permanganate from China since that time. Therefore, the 128.94 percent dumping margin remains in effect for all Chinese producers and exporters of potassium permanganate. CR at I-4 to I-6; PR at I-4 to I-5.

<sup>97</sup> 19 U.S.C. § 1675a(a)(4).

<sup>98</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

Commission concluded that the domestic industry was materially injured by reason of imports of potassium permanganate from China.<sup>99</sup>

In the first five-year review, the Commission determined that subject imports from China would likely have had a significant adverse impact if the order were revoked. The Commission noted its finding in the original determination that substantially lower prices for the Chinese product in a price sensitive market allowed imports from China to gain market share and resulted in price suppression, lost sales, and revenues and declines in employment.<sup>100</sup> The Commission also found that the condition of the domestic industry had improved substantially since the imposition of the order. Although the Commission did not find that the domestic industry was vulnerable, given its strong gross profits, operating income, and operating income margins, it did find that the likely significant volume of low-priced subject imports would likely have a significant adverse impact on the production, shipments, sales, and revenue levels of the domestic industry if the order were revoked.<sup>101</sup>

In the second five-year review, the Commission found that the information available with respect to the condition of the industry was limited due to the expedited nature of the review and that the information that was available presented a mixed picture. The Commission found that the domestic industry was not vulnerable to material injury if the order were revoked because Carus continued to command a substantial market share, had increased its production, and reported strong gross profits, operating income, and operating income margins in 2003. Although its domestic shipments were lower in both quantity and value than during the first five-year review period, they were higher than in the original investigation. The Commission also found, however, that the antidumping duty order had a restraining effect on the volume and market share of subject imports and that revocation would lead to a significant increase in low-priced subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. These subject imports would be likely to have a significant adverse impact on the domestic industry. Consequently, the Commission concluded that revocation of the antidumping duty order would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.<sup>102</sup>

### 3. The Current Review

The condition of the domestic industry, after improving from 2004 to 2007, declined in 2008. It declined more sharply in 2009, when the industry was experiencing the effects of the recession and increased raw material costs.<sup>103</sup> U.S. production of potassium permanganate fluctuated over the period, but decreased from \*\*\* pounds in 2004 to \*\*\* pounds in 2009.<sup>104</sup> The domestic industry's production

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<sup>99</sup> Original Investigation (China) at 8-11.

<sup>100</sup> First Five-Year Review at 24.

<sup>101</sup> First Five-Year Review at 24.

<sup>102</sup> Second Five-Year Review at 14-15.

<sup>103</sup> Carus claims that raw material costs increased in 2008-2009 and, as a consequence, it experienced a \*\*\*. Carus Response at 8-9. Carus claims that it and other potassium permanganate producers worldwide experienced significant cost increases in 2008 and 2009 for raw materials, specifically manganese ore or manganese dioxide and potassium hydroxide. Based on its financial data for potassium permanganate operations, Carus claims that raw material costs, on a dollar per pound of potassium permanganate output basis, increased \*\*\*. Carus Response at n.12 and Attachment 3. Carus further claims that Chinese producers should also have experienced increases in raw material costs beginning in late 2008, but that Chinese export prices for potassium permanganate nevertheless decreased in 2009 and 2010. Carus Response at 9.

<sup>104</sup> CR/PR at Table C-1. U.S. production was \*\*\* pounds in 2005, \*\*\* pounds in 2006, and \*\*\* pounds in 2007 and 2008. Id.

capacity remained constant at \*\*\* pounds over the entire period. Capacity utilization decreased irregularly from \*\*\* percent in 2004 to \*\*\* percent in 2008, before decreasing significantly to \*\*\* percent in 2009.<sup>105</sup>

U.S. shipments decreased from \*\*\* pounds in 2004 to \*\*\* pounds in 2009. Net sales also decreased from \*\*\* pounds in 2004 to \*\*\* pounds in 2009.<sup>106</sup> The domestic industry's inventory fluctuated significantly over the period, decreasing from \*\*\* pounds in 2004 to \*\*\* pounds in 2005, then increasing to \*\*\* pounds in 2006, before decreasing to \*\*\* pounds in 2007, \*\*\* pounds in 2008, and \*\*\* pounds in 2009.<sup>107</sup> The domestic industry's production and related workers increased from \*\*\* in 2004 to \*\*\* in 2009.<sup>108</sup>

The domestic industry's financial performance improved from 2004 to 2007, decreased in 2008, and then decreased sharply in 2009.<sup>109</sup> Gross profits increased steadily from \$\*\*\* million in 2004 to \$\*\*\* million in 2008, before decreasing to \$\*\*\* million in 2009.<sup>110</sup> The industry's operating income increased from \$\*\*\* in 2004 to \$\*\*\* in 2007, then decreased to \$\*\*\* in 2008 and \$\*\*\* in 2009.<sup>111</sup> The industry's operating income margin increased steadily from \*\*\* percent in 2004 to \*\*\* percent in 2007, then decreased to \*\*\* percent in 2008 and \*\*\* percent in 2009.<sup>112</sup>

We acknowledge that the industry indicators trend downward toward the end of the period examined, but the domestic industry's financial indicators, such as operating income, operating income margin, and gross profits, remained strong throughout the period.<sup>113</sup> Therefore, we do not find that the domestic industry is in a weakened state and thus vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

As discussed above, the antidumping duty order has had a restraining effect on the volume of subject imports. Revocation of the order would likely lead to a significant increase in subject imports that would undersell the domestic like product and significantly depress or suppress U.S. prices. Decreased prices for potassium permanganate would not significantly stimulate additional demand, but likely would cause purchasers to switch to lower-priced subject imports. Thus, we find that the volume and price

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<sup>105</sup> CR/PR at Table C-1. The domestic industry's capacity utilization was \*\*\* percent in 2005, \*\*\* percent in 2006, and \*\*\* percent in 2007. Id.

<sup>106</sup> CR/PR at Table C-1. U.S. shipments were \*\*\* pounds in 2005 and 2006, \*\*\* pounds in 2007, and \*\*\* pounds in 2008. Id. Net sales were \*\*\* pounds in 2005, \*\*\* pounds in 2006, \*\*\* pounds in 2007, and \*\*\* pounds in 2008. Id.

<sup>107</sup> CR/PR at Table C-1. The ratio of the domestic producer's inventory to U.S. shipments decreased from \*\*\* percent in 2004 to \*\*\* percent in 2005, before increasing to \*\*\* percent in 2006. It then decreased to \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009. Id.

<sup>108</sup> CR/PR at Table C-1. The number of hours worked was \*\*\* in 2005, \*\*\* in 2006, \*\*\* in 2007, and \*\*\* in 2008. Id. Productivity (pounds/hour) increased from \*\*\* in 2004 to \*\*\* in 2006. It then decreased to \*\*\* in 2007, \*\*\* in 2008, and \*\*\* in 2009. Id.

<sup>109</sup> From 2004 to 2009, the domestic industry's SG&A expenses per unit \*\*\* percent, and the unit COGS \*\*\* percent. CR/PR at Table C-1.

<sup>110</sup> CR/PR at Table C-1. Gross profits were \$\*\*\* million in 2005, \$\*\*\* million in 2006, and \$\*\*\* million in 2007. Id.

<sup>111</sup> CR/PR at C-1. The domestic industry's operating income was \$\*\*\* in 2005 and \$\*\*\* in 2006. Id. The domestic industry's capital expenditures were \$\*\*\* in 2004, \$\*\*\* in 2005, \$\*\*\* in 2006, \$\*\*\* in 2007, \$\*\*\* in 2008, and \$\*\*\* in 2009. Id.

<sup>112</sup> CR/PR at C-1. The domestic industry's operating income margin was \*\*\* percent in 2005 and \*\*\* percent in 2006. Id.

<sup>113</sup> CR/PR at Table C-1.



effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. Declines in these indicators of industry performance would have a direct adverse impact on the industry's profitability and employment, as well as its ability to raise capital, to make and maintain capital investments, and to fund research and development into new applications for potassium permanganate.

We have also considered the role of nonsubject imports. The share of the U.S. market held by nonsubject imports has remained relatively flat over the period examined.<sup>114</sup> In light of nonsubject imports' relatively limited presence in the U.S. market and lack of growth in U.S. market share over the period examined, any future increase in market share by low-priced subject imports would likely come at the expense of the domestic industry. Therefore, consideration of factors other than the subject imports does not detract from our finding that the subject imports would likely have a material adverse impact on the domestic industry if the order were revoked.

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

## CONCLUSION

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

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<sup>114</sup> The U.S. market share of nonsubject imports was \*\*\* percent in 2004, \*\*\* percent in 2005, \*\*\* percent in 2006, \*\*\* percent in 2007, \*\*\* percent in 2008, and \*\*\* percent in 2009. CR/PR at C-1.



**INFORMATION OBTAINED IN THE THIRD REVIEW**



## INTRODUCTION AND OVERVIEW

### Background

On May 3, 2010, in accordance with section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> the U.S. International Trade Commission (“Commission” or “USITC”) gave notice that it had instituted a review to determine whether revocation of the antidumping duty order on potassium permanganate from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>2 3</sup> On August 6, 2010, the Commission determined that the domestic interested party response to the notice of institution was adequate;<sup>4</sup> the Commission also determined that the respondent interested party response was inadequate. The Commission found no other circumstances that would warrant conducting a full review.<sup>5</sup> Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.<sup>6 7</sup> The Commission is scheduled to vote on this review on September 20, 2010, and will notify Commerce of its determination on September 30, 2010. Selected information relating to the schedule of the current review is presented in the following tabulation:<sup>8</sup>

Effective date	Action	Federal Register citation
January 31, 1984	Commerce’s antidumping duty order	49 FR 3897
November 24, 1999	Commerce’s continuation of antidumping duty order after first five-year review	64 FR 66166
June 24, 2005	Commerce’s continuation of antidumping duty order after second five-year review	70 FR 36561
May 3, 2010	Commerce’s initiation and Commission’s institution of third five-year review	75 FR 23240 and 75 FR 23298
August 6, 2010	Commission’s determination to conduct expedited third five-year review and scheduling of expedited review	75 FR 51112
August 26, 2010	Commerce’s final results of expedited review	75 FR 52509
September 20, 2010	Commission’s vote	NA
September 30, 2010	Commission’s determination transmitted to Commerce	NA

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

<sup>2</sup> 75 FR 23298, May 3, 2010. All interested parties were requested to respond to this notice by submitting the information requested by the Commission. The Commission’s notice of institution is presented in app. A.

<sup>3</sup> In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping duty order concurrently with the Commission’s notice of institution. 75 FR 23240, May 3, 2010.

<sup>4</sup> The domestic producer, Carus Corp. (“Carus”), submitted the only response to the Commission’s notice of institution for the subject review. Carus is represented by the law firm of Haynes and Boone, LLP. Carus indicated in its response that it is the only commercial producer of potassium permanganate in the United States in 2009, and, for purposes of the antidumping law, constitute the “Domestic Industry.” Response of Carus to the notice of institution (“Response,” May 28, 2010), p. 3.

<sup>5</sup> The Commission’s statement on adequacy is presented in app. B.

<sup>6</sup> 10 U.S.C. § 1675(c)(3).

<sup>7</sup> 75 FR 51112, August 18, 2010. The Commission’s notice of scheduling of the expedited review appears in app. A.

<sup>8</sup> Cited *Federal Register* notices beginning with the Commission’s institution of the five-year review are presented in app. A.

## The Original Investigation and Five-year Reviews

The Commission completed its original investigation in January 1984, determining that an industry in the United States was being, or likely to be, injured by reason of imports from China and Spain of potassium permanganate found by the Department of Commerce (“Commerce”) to be sold at less than fair value (“LTFV”).<sup>9</sup> After receipt of the Commission’s affirmative determination, Commerce issued antidumping duty orders on potassium permanganate from Spain and China on January 19 and 31, 1984, respectively.<sup>10</sup> On November 2, 1998, the Commission instituted five-year full reviews on potassium permanganate from China and Spain. On November 4, 1999, the Commission determined that revocation of the antidumping duty order on potassium permanganate from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>11</sup> After receipt of the Commission’s affirmative determination, Commerce continued the antidumping duty order on potassium permanganate from China on November 24, 1999.<sup>12</sup> On October 1, 2004, the Commission instituted a five-year expedited review on potassium permanganate from China.<sup>13</sup> On May 18, 2005, the Commission determined that revocation of the antidumping duty order on potassium permanganate from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>14</sup> After receipt of the Commission’s affirmative determination, Commerce continued the antidumping duty order on potassium permanganate from China on June 21, 2005.<sup>15</sup>

### Commerce’s Original Determinations and Subsequent Review Determinations

The original antidumping duty margin in 1984 for potassium permanganate from China was 39.53 percent for the China National Chemicals Import and Export Corp. (“SINOCHEM”) and all other manufacturers, producers, and exporters. Since the antidumping duty order was issued in 1984, Commerce has conducted four administrative reviews on potassium permanganate from China. In 1990, Commerce found that potassium permanganate was being transhipped through Hong Kong resellers previously assigned the 39.53 margin. As a result, a country-wide margin of 128.94 percent was assigned to China. There have been no imports of potassium permanganate from China since 2002; therefore, even though the opportunity for annual administrative reviews has been published, no reviews were requested or initiated since the review covering calendar year 2001. The order remains in effect for all manufacturers, producers, and exporters of potassium permanganate from China. Information on Commerce’s final AD determinations, orders, and administrative reviews is presented in table I-1.

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<sup>9</sup> The investigations resulted from a petition filed on February 22, 1983, on behalf of the Carus Chemical Co., alleging that an industry in the United States was materially injured by reason of imports from China and Spain of potassium permanganate.

<sup>10</sup> 49 FR 2277, 3897.

<sup>11</sup> *Potassium Permanganate from China and Spain*, Determinations, 64 FR 60225, November 4, 1999. The Commission determined in the first full five-year review that revocation of the antidumping duty order on potassium permanganate from Spain 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. Therefore, Commerce revoked the antidumping duty order concerning potassium permanganate from Spain, effective January 1, 2000 (64 FR 66167, November 24, 1999).

<sup>12</sup> 64 FR 66166.

<sup>13</sup> 69 FR 58955, October 1, 2004.

<sup>14</sup> 70 FR 32372, June 2, 2005.

<sup>15</sup> 70 FR 35630, June 21, 2005.

**Table I-1**

**Potassium permanganate: Commerce’s final determination, antidumping duty order, administrative and new shipper reviews, and results of sunset reviews<sup>1</sup>**

<b>Period</b>	<b>Type of proceeding and date results published</b>	<b>Weighted-average margin (percent ad valorem)</b>
4/1/82-12/31/82	<b>Final determination</b> (49 FR 3148, January 25, 1984) <b>AD order</b> (49 FR 3897, January 31, 1984)	China National Chemicals Import and export Corp. (SINOCHEM)..... 39.63 All others ..... 39.63
1/1/89-12/31/89	<b>Administrative Review Final Result</b> (56 FR 19640, April 29, 1991)	Far Ocean Trading..... 128.94 Go Up Co..... 39.53 Hip Fung Trading Co..... 39.53 KL & Co..... 128.94 Landyet Co..... 128.94 Sam Wing International..... 128.94 Sinochem..... 128.94 Tin Sing Chemical Engineers..... 39.53 Yue Pak Co..... 128.94
1/1/90-12/31/90	<b>Administrative Review Final Result</b> (59 FR 26625, May 23, 1994 )	All PRC manufacturers/producers/ exporters.....128.94 All others.....128.94
1/1/98-12/31/98	<b>Final Results of Sunset Review</b> (64 FR 16907, April 7, 1999) <b>Continuation of AD Order</b> (64 FR 66166, November 24, 1999)	Country-wide rate for China..... 128.94
1/1/99-12/31/99	<b>Administrative Review Final Result</b> (66 FR 46775, September 7, 2001)	Guizhou Provincial Chemicals Import & Export Corp..... 107.32
1/1/00-12/31/00	<b>New Shipper Review Recission</b> (67 FR 38254, June 3, 2002)	No review initiated; rescinded at request of both the petitioner and respondent
1/1/01-12/31/01	<b>Administrative Review Final Result</b> (68 FR 51765, August 28, 2003)	Country-wide rate for China..... 128.94
1/1/99-12/31/04	<b>Final Results of Sunset Review</b> (70 FR 24502, May 10, 2005) <b>Continuation of AD Order</b> (70 FR 35630, June 21, 2005)	Country-wide rate for China..... 128.94

Source: Cited *Federal Register* notices.

**Commerce’s Final Results of Expedited Review**

Commerce conducted an expedited review with respect to potassium permanganate from China and issued the final results of its review based on the facts available on August 26, 2010. Commerce determined that revocation of the antidumping duty order on potassium permanganate from China would be likely to lead to continuation or recurrence of dumping at the China-wide percentage margin of 128.94.<sup>16</sup> Commerce has not issued a duty absorption determination with respect to this order.

<sup>16</sup> 75 FR 52509, August 26, 2010.

**Distribution of Continued Dumping and Subsidy Offset Funds  
to Affected Domestic Producers**

Since federal fiscal year 2001, qualified U.S. producers of potassium permanganate have been eligible to receive disbursements from the U.S. Bureau of Customs and Border Protection (“Customs”) under the Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”), also known as the Byrd Amendment.<sup>17</sup> The sole U.S. producer, Carus, received such funds. Table I-2 presents Carus’ CDSOA claims and Customs’ disbursements for federal fiscal years 2002-09.

**Table I-2  
Potassium permanganate: CDSOA claims and disbursements, federal fiscal years 2002-09<sup>1</sup>**

Year	Firm	Amount of claim filed <sup>2</sup>	Amount disbursed <sup>3</sup>
<i>Dollars</i>			
2002	Carus Corp.	24,016,404	13,655
2003	Carus Corp.	29,012,496	194,204
2004	Carus Corp.	35,207,493	302,302
2005	Carus Corp.	40,961,311	4,490
2006	Carus Corp.	47,601,092	0
2007	Carus Corp.	54,917,311	58,581
2008	Carus Corp.	54,858,729	0
2009	Carus Corp.	54,858,729	(85,497)
<sup>1</sup> No funds relating to this order were disbursed during FY 2001. <sup>2</sup> Qualifying expenditures incurred by domestic producers since the issuance of an order, as presented in Section I of the <i>CDSOA Annual Reports</i> . <sup>3</sup> As presented in Section I of Customs’ <i>CDSOA Annual Reports</i> . Source: U.S. Customs and Border Protection’s <i>CDSOA Annual Reports</i> .			

**THE PRODUCT**

**Scope**

In its continuation order, Commerce defined the subject merchandise as:

*“...potassium permanganate, an inorganic chemical produced in free-flowing, technical, and pharmaceutical grades. Potassium permanganate is currently classifiable under item 2841.61.00 of the Harmonized Tariff Schedule (HTS). The HTS item number is provided for convenience and customs purposes; however, the written description remains dispositive.”*<sup>18</sup>

<sup>17</sup> 19 CFR 159.64(g).

<sup>18</sup> 70 FR 35630, June 21, 2005.



## U.S. Tariff Treatment

Imports of this product are currently reported under Harmonized Tariff Schedule of the United States (“HTS”) subheading 2841.61.00 as set forth in the tabulation below:

HTS provision	Article description	General <sup>1</sup>	Special <sup>2</sup>	Column 2 <sup>3</sup>
		Rates ( <i>percent ad valorem</i> )		
2841	Salts of oxometallic or peroxometallic acids:			
	Manganites, manganates and permanganates:			
2841.61.00	Potassium permanganate	5.0	Free (A, AU, BH, CA, CL, E, IL, J, JO, MA, MX, OM, P, PE, SG)	23.0

<sup>1</sup> Normal trade relations, formerly known as the most-favored-nation duty rate.

<sup>2</sup> Special rates apply to imports of potassium permanganate from certain trading partners of the United States as follows: A (GSP); 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); 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).

<sup>3</sup> 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 (2010).

### Domestic Like Product and Domestic Industry

In its original 1984 determination and its first full and second expedited five-year review determinations, the Commission found that there was one domestic like product, potassium permanganate.<sup>19</sup> No domestic like product issues have been raised by domestic interested parties in this review.

Potassium permanganate, or permanganate of potash, is the compound of manganese, potassium, and oxygen which has the chemical formula  $KMnO_4$ . It exists at room temperature as a dark-purple crystalline solid of rhombic shape with a blue metallic sheen. Potassium permanganate has a sweetish, astringent taste; is soluble in water, acetone, and methanol; and decomposes in alcohol. It is highly toxic by ingestion or inhalation, is a strong irritant to tissue, and is a dangerous fire risk when in contact with organic material because of its strength as an oxidizing agent.

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<sup>19</sup> The Commission’s decision regarding the appropriate domestic products that are “like” the subject imported products 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.

Potassium permanganate produced by Carus, the sole U.S. producer, is classifiable into three grades: free-flowing, technical, and USP or pharmaceutical grade (high-purity).<sup>20</sup> China, which at one time did not produce the free-flowing grade, produced a free-flowing grade, a technical grade, and a USP grade, as reported in 1999. Each grade has the same chemical formula and is available in a variety of particle sizes, although particle size is seldom an important determinant of end use. As indicated in the first five-year review, all three grades of potassium permanganate were produced domestically only by Carus, at the same facilities and using the same equipment and employees.<sup>21</sup>

The technical grade product must be at least 97 percent potassium permanganate by weight, although much of the technical grade has a higher assay of 99 percent. The free-flowing grade is produced by adding an anticaking agent to the technical grade, preventing the particles from sticking together when in contact with moisture. As a result of the addition of the anticaking agent, the free-flowing grade is slightly less concentrated than the technical or pharmaceutical grades. The minimum assay is 95 percent, but the product is usually assayed at 97 or 98 percent. In the United States, as of 1999, 85 percent to 90 percent of the permanganate sold was the free-flowing grade because it is easier to put into a feeder.<sup>22</sup> \*\*\*<sup>23</sup>

The pharmaceutical grade product must be at least 99 percent potassium permanganate by weight in order to conform with the requirements specified in the United States Pharmacopeia (“U.S.P.”) and the British Pharmacopeia (“B.P.”). It is the only grade approved by the Food and Drug Administration for use in applications involving contact with food and for pharmaceutical use. The pharmaceutical grade, typically 99.9 percent pure, usually requires more testing than the other grades and requires recrystallization to remove additional impurities or to meet customer specifications. Consequently, the cost of production and the price of the pharmaceutical grade are higher than those of the technical or free-flowing grades.

The three grades of potassium permanganate are generally interchangeable in their various applications. One exception involves pharmaceutical applications, which, according to Carus, accounted for approximately \*\*\* percent of domestic consumption in 1999.<sup>24</sup> The free-flowing grade cannot be used in such applications because it does not meet the 99-percent assay requirement. In the important applications of water and wastewater treatment, which together currently account for about 70-75 percent of U.S. consumption, all three grades can be used, but the free-flowing grade is preferred by customers that use a dry chemical feeder to inject the potassium permanganate into the water.

As reported during the first five-year full review, potassium permanganate is used principally as an oxidizing agent in the following applications:<sup>25</sup>

1. Municipal water treatment: Removes iron, manganese, and hydrogen sulfide; eliminates taste, odor, and color; and controls algae growth. Growing applications for potassium permanganate are as a substitute for prechlorination to prevent the formation of trihalomethane (“THM”), a possible carcinogen, and as an inhibitor of zebra mussel attachment.

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<sup>20</sup> In addition, in 1999, Carus produced two other grades. These two grades were not, however, recognized as standard product grades by consumers. *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. I-7.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid., p. I-8.

<sup>23</sup> Confidential staff report, INV-W-216, September 20, 1999, p. I-13.

<sup>24</sup> Ibid., p. I-14.

<sup>25</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, pp. I-8-I-9.

2. Wastewater treatment:
  - (a) Municipal—oxidizes organic and inorganic contaminants, removes toxic and corrosive hydrogen sulfide from sanitary sludge, deodorizes wastewater streams, and dewater sludge; and
  - (b) Industrial—removes soluble iron and manganese from acid mine wastes, removes hydrogen sulfide from sludge, and dewater sludge; controls phenol and other industrial pollutants.
3. Chemical manufacture and processing: Aids in synthesis of organic products for the chemical process and pharmaceutical industries.
4. Aquaculture (fish farming): Controls fish diseases and parasites, and detoxifies poisons while relieving oxygen depletion in fish ponds.
5. Metal processing: Removes oxides, mill scale, and carbon residues on steel.
6. Air and gas purification: Removes pollutants from air and impurities from industrial gases, and quenches slag from foundry operations.

In addition to the above, potassium permanganate is used as a decoloring and bleaching agent in the textile and tanning industries, as an oxidizer in the decontamination of radioactive wastes, as an aid in flotation processes used in mining, in cleaning printed circuit boards, and in numerous other applications. In general, use of potassium permanganate in some industrial applications and in some applications not related to water purification has tended to be fairly erratic.<sup>26</sup> Alternative technologies have, at times, replaced potassium permanganate, in part, because potassium permanganate is a fairly difficult chemical to handle and use because it is dusty and the material has relatively limited solubility.<sup>27</sup> On the other hand, potassium permanganate is an excellent and rapid-acting oxidant and when used properly is stable and safe. Because potassium permanganate is used in the purification of cocaine, sales of the chemical are monitored by the Drug Enforcement Administration.

As reported during the first five-year review, there were no products that competed with potassium permanganate over the complete range of applications in which it is used.<sup>28</sup> However, there are competing products or alternative processes for specific end uses. Substitutes for potassium permanganate in drinking water and wastewater treatment include aeration, activated carbon, hydrogen

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<sup>26</sup> Applications for potassium permanganate that saw a spurt of growth but have all but disappeared today include use of the chemical in the production of saccharin and washed jeans. Carus' response to the Commission's notice of institution, November 22, 2004, p. 38.

<sup>27</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. I-9.

<sup>28</sup> Sodium permanganate can be used in any application where potassium permanganate is used but, because sodium permanganate, on a dry basis, is substantially more expensive than potassium permanganate, its uses are limited to those applications for which the customer is willing to pay a premium for sodium permanganate because of its advantages. For example, when compared to potassium permanganate, sodium permanganate is more soluble and can, therefore, be used more readily in liquid form (a 40 percent solution in water is the most common form imported or exported), thereby avoiding handling problems such as dusting. Memorandum from Acting Chief, Energy, Chemicals, and Textiles Division to Director, Office of Tariff Affairs and Trade Agreements, February 25, 2004, p. 1 (based in part on staff telephone interviews in February 2004 with Chithambarathanu Pillai, Environmental Manager, of Carus Chemical Co).

peroxide, ozone, chlorine, iron salts, and nitrates. For example, growth of use of potassium permanganate in potable water was significantly curtailed because of competition from other oxidants, especially ozone and hydrogen peroxide. On the other hand, increasingly stringent regulations related to environmental and safety issues resulted in increased consumption of potassium permanganate for certain applications.

Estimated end uses of potassium permanganate in 1998, in terms of percentages of consumption, were as follows: waste water treatment (\*\*\*) percent), drinking water treatment (\*\*\*) percent), chemical management and processing (\*\*\*) percent), air and gas purification (\*\*\*) percent), aquaculture (\*\*\*) percent), metal processing (\*\*\*) percent), and other uses (\*\*\*) percent).<sup>29</sup>

According to most of the questionnaire responses during the 1999 reviews, the potassium permanganate produced domestically and imports of potassium permanganate from China and other countries were generally found to be interchangeable. Some users, however, reported that there were quality problems associated with imported potassium permanganate.

### **Manufacturing Process and Production Employees**

Potassium permanganate is manufactured by the oxidation of potassium manganate ( $K_2MnO_4$ ), which is prepared by the fusion of pyrolusite (black manganese dioxide) and potassium hydroxide. The manganese ion in potassium manganate is oxidized to potassium permanganate ( $KMnO_4$ ). The oxidation may be accomplished by one of two methods. The first is by treating a hot solution of potassium manganate with carbon dioxide, which forms crystals when cooled. This method is very old and is not currently used to manufacture commercial quantities of potassium permanganate anywhere in the world, with the possible exception of China. It is, however, a method sometimes used to make laboratory quantities of this material.

No changes to the commercial manufacturing process used in the United States have been reported since 1999. The process is as follows:<sup>30</sup>

- oxidation at high temperatures of potassium hydroxide (KOH) and manganese dioxide ( $MnO_2$  or manganese ore) to produce potassium manganate ( $K_2MnO_4$ ).
- continuous electrolysis of a solution of potassium manganate with continuous crystallization, resulting in the production of potassium permanganate and the byproducts potassium hydroxide and hydrogen gas, according to the reaction--



- Crystallization of the potassium permanganate out of the solution.

The production process used by Carus \*\*\*.<sup>31</sup>

Because of the large number of producers of potassium permanganate in China, the manufacturing process for potassium permanganate and its precursor, potassium manganate, has received a lot of attention by Chinese scientists. For example, a new method for producing potassium manganate was invented that facilitates large-scale production of potassium permanganate. Despite these advances,

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<sup>29</sup> Confidential staff report, INV-W-216, September 20, 1999, p. I-17.

<sup>30</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, pp. I-10-I-11.

<sup>31</sup> Confidential staff report, INV-W-216, September 20, 1999, p. I-18.

less efficient production methods continue to be used in China and the equipment and processes used to produce potassium permanganate are not of uniform quality and efficiency.<sup>32</sup>

### **Interchangeability**

As indicated in the first five-year review, domestic and imported product competed in the United States and purchasers, importers, and producers reported that these products were interchangeable. Little mention was made by purchasers, importers, and producers of the interchangeability of U.S. and Chinese product because little Chinese product was sold in the U.S. market. Nonsubject imported product was reported to be interchangeable with domestic and subject product. In the original 1984 investigation, free-flowing potassium permanganate, the most common form of potassium permanganate in the United States, was not imported from China. The lack of free-flowing grade potassium permanganate limited the interchangeability of Chinese product. In 1999, at least one producer in China produced the free-flowing grade. To the extent that the Chinese can produce free-flowing potassium permanganate, its product would be more interchangeable with products from other countries.

### **THE U.S. MARKET**

Carus has described the U.S. potassium permanganate market as the world's \*\*\*, accounting for an estimated \*\*\* percent of world consumption during 2009.<sup>33</sup>

### **Channels of Distribution**

Three channels of distribution exist: sales to distributors, sales to end users, and internal consumption. Most product is sold to distributors, who typically sell a complete range of water purification chemicals to both water purifiers (who produce tap water) and wastewater treatment facilities. Both public and industrial wastewater treatment can use potassium permanganate.

Carus sells potassium permanganate in 25-, 50-, or 100-kg plastic containers, 150- and 1,500-kg stainless steel recycle bins, and in bulk by the truck load. Both distributors and end users that purchase directly from Carus purchase in the same range of containers. Distributors sell predominantly through contracts, \*\*\* when selling directly to end users. The largest purchasers, agencies that purify drinking water and clean wastewater, typically buy through annual requests for proposals or requests for bids. In any local area there tend to be a number of distributors selling potassium permanganate, most of whom sell domestic product. However, distributors report that in most major requests for bids, at least one distributor of imported product will bid. The successful bid is made public. As a result, other buyers and sellers can find out the price and conditions of the successful sale. Smaller municipalities tend to have less formal bidding processes or may purchase on the spot market. Other types of large purchasers may also have contracts.

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<sup>32</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. I-11.

<sup>33</sup> Carus' response to the Commission's notice of institution, May 28, 2010, attachment 13.

## U.S. Demand

Carus has asserted that there have been no material changes in certain key U.S. demand market conditions for potassium permanganate since the previous reviews.<sup>34</sup> The firm has reported that municipal consumption for drinking and wastewater treatment remains the primary domestic use for potassium permanganate and still accounts for the majority of current U.S. demand and that today the municipal drinking and wastewater markets are relatively mature.<sup>35</sup> In the 2004-09 period, Carus' sales into the drinking water market remained \*\*\*.<sup>36</sup>

The main uses for potassium permanganate in water treatment are to improve the taste and smell, or to remove iron and manganese. It is also useful to eliminate organic matter, kill microbes, reduce the problems from clams and mussels (these tend to collect on and clog water intake lines), and deal with pollution (when pollution of the source water occurs). Potassium permanganate is typically used because it can address a number of these problems more cost effectively than other types of treatment.<sup>37</sup>

## Trends in U.S. Supply and Demand

Information gathered during the second five-year expedited review indicated that Carus may gradually phase out its U.S. production of potassium permanganate in favor of sodium permanganate.<sup>38</sup> Carus did not mention this purported development in its response to the Commission's notice of institution in the current five-year review, nor did Commission staff find any articles in the chemical trade literature that reported on this matter.

As previously mentioned, applications for sodium permanganate mirror those of potassium permanganate.<sup>39</sup> Carus reported that the "volume of sodium permanganate produced and traded has increased significantly as the use and application of sodium permanganate has increased" and the firm had "increased our annual production capacity by several folds."<sup>40</sup> While information gathered during the first five-year review did not mention sodium permanganate as a substitute product, the growing use of sodium permanganate during the second review appeared to be corroborated by bids reported on the Internet in which sodium permanganate together with potassium permanganate was used in wastewater treatment, a large-scale application.<sup>41</sup>

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<sup>34</sup> Ibid., p. 8.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. II-6.

<sup>38</sup> DEA petition for the establishment of a separate harmonized code for sodium permanganate, August 17, 2004, p. 1; and staff telephone interview with Chithambarathanu Pillai, Environmental Manager, Carus, September 8, 2004. DEA cited the "direct substitutability of sodium permanganate" for potassium permanganate in the processing of cocaine and sought a separate tariff classification of sodium permanganate in order to "identify diversion of this product." *Id.*, DEA petition. Effective January 1, 2005, sodium permanganate is provided for in statistical subheading 2841.69.0010 of the HTS.

<sup>39</sup> Memorandum from Acting Chief, Energy, Chemicals, and Textiles Division to Director, Office of Tariff Affairs and Trade Agreements, February 25, 2004, p. 1 (based in part on staff telephone interviews in February 2004 with Chithambarathanu Pillai, Environmental Manager, of Carus Chemical Co).

<sup>40</sup> Carus' petition for a statistical break out and classification of sodium permanganate with a specific harmonized code, February 2, 2004.

<sup>41</sup> See, e.g., City of Reading, PA bid for "sodium permanganate, potassium permanganate and extruded potassium permanganate" for its wastewater treatment plant, retrieved at

In its response to the Commission's notice of initiation of this current review, Carus listed market conditions that have not changed and market conditions that have changed since the order was imposed in 1984. Specific conditions that have not changed are the primary use of potassium permanganate as an oxidizing agent in water and wastewater treatment; the mature nature of the market, with \*\*\* apparent consumption \*\*\*; the fungibility and price sensitivity of potassium permanganate, with a large share of sales to local municipal water authorities through a transparent bidding process; imports from China continue to be constrained by the order; China continues to have a significant level of excess capacity, with growth in both total potassium permanganate capacity and excess capacity since the prior sunset review; and the United States continues to be an attractive market for Chinese producers due to its size and price levels.<sup>42</sup>

Carus further reported that there have been significant changes in market conditions since the order was imposed. Carus reported that China has exhibited increases in capacity and excess capacity such that its annual production capacity is estimated to be approximately 134 million pounds, compared to 77 million pounds in the prior sunset review. Based on current capacity in China, and estimated 2009 production, excess capacity in China in 2009 was estimated to have been 61.1 million pounds, more than double the level of excess capacity in the prior sunset review. Since the last sunset review, Chongqing Jialing, the largest Chinese potassium permanganate producer, has significantly expanded production and is able to produce the full range of potassium permanganate grades. Groupstars, the second largest potassium permanganate producer in China, also offers the full range of potassium permanganate grades as do several other Chinese producers.<sup>43</sup>

Worldwide potassium permanganate producers experienced significant price increases in raw materials during 2008 and 2009; specifically, for manganese ore or manganese dioxide, and potassium hydroxide. Consequently, \*\*\*. China was not immune to these raw material price increases, as reflected in trade import and export unit values.<sup>44</sup>

In 2007, Carus had intended to form a joint venture in China with Zunyi Shuangyuan Chemical Group, with planned construction of a 44 million pound (20,000 metric ton) potassium permanganate plant in China. The purpose of this joint venture was to allow Carus to have an Asian manufacturing platform to serve the Chinese market as well as other non-U.S. markets. However, plans for this plant were cancelled due to an unacceptable return-on-investment.<sup>45</sup>

In 2008-09, the worldwide economic recession resulted in a significant decrease in demand for Chinese exports of potassium permanganate, a resultant reduction in Chinese production and an increase in Chinese excess capacity and inventories. However, China has significantly increased its export volumes to non-U.S. export markets during 2009 and 2010.<sup>46</sup>

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<sup>41</sup> (...continued)

<http://www.cityofreadingpa.com/finance/lib/finance/results/1013-04.pdf>

<sup>42</sup> Carus' response to the Commission's notice of institution, May 28, 2010, pp. 8-9.

<sup>43</sup> Ibid., p. 9.

<sup>44</sup> Ibid., p. 10.

<sup>45</sup> Ibid.

<sup>46</sup> Ibid.

## Prices

In its original determination, the Commission found significant underselling and price suppression caused by LTFV imports of potassium permanganate from China and that such imports undersold the domestic product in every quarter for which data were available.<sup>47</sup> During the first five-year review, limited pricing data were available because of extremely low import volumes in 1997 and 1998. There have been no imports of potassium permanganate from China since 2002. Average unit values for periods during the original investigation, the first five-year review, the second five-year review, and the current review are presented in the following tabulation:

Item	1982	1997/98	2002-03	2008/09
<b>Average unit values (dollars per pound)</b>				
U.S.-produced product	\$0.81	\$1.15	\$1.27	\$2.16
Imports from China	0.55	0.83	0.83	NA

## THE INDUSTRY IN THE UNITED STATES

### U.S. Producers

The sole U.S. manufacturer of potassium permanganate is Carus Corp., located in Peru, IL, a small, privately held corporation. Carus is the world's largest producer of potassium permanganate and a leader in the chemistry of permanganate and manganese.

Carus has produced potassium permanganate since 1915. During World War I, there were more than 20 U.S. manufacturers of potassium permanganate. After the war, there was a sharp drop in the price of potassium permanganate, resulting in the exodus of all U.S. companies except Carus from potassium permanganate manufacturing. Carus was the sole remaining U.S. potassium permanganate manufacturer beginning in 1920.

In addition to potassium permanganate, Carus manufactures a wide range of products for municipal, industrial, and environmental markets (i.e. water treatment and air purification) -- with the majority used in environmental applications. According to Carus' web site it also produces sodium permanganate and a complete line of corrosion control products largely based on a line of specialty phosphate products. Carus is also the manufacturer of a series of manganese based catalysts used for breathable air purification, emission air purification, and process air purification.

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

Trade and financial data reported by Carus in the Commission's original investigation and first five-year review, and in response to the Commission's second and third five-year review institution notices, are presented in table I-3. From 1980 to 1982, the period for which data were collected in the original investigation, the U.S. industry's production, capacity utilization, shipments, and net sales declined and operating margins turned negative. During the first five-year review, these indicators showed improvement. During 2003, Carus' profitability \*\*\* when compared to 1998. During the current review, production, capacity utilization, and shipment indicators decreased irregularly. Operating

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<sup>47</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. 23; *Potassium Permanganate from China*, Inv. No. 731-TA-125 (Second Review), USITC Pub. 3778, June 2005; and Response to the Notice of Institution, May 28, 2010, attachment 17.



margins increased during 2004-07, then decreased over 2008-09. Net sales quantities decreased irregularly while net sales values increased during 2004-08, then decreased in 2009.

**Table I-3**

**Potassium permanganate: Trade, employment, and financial data, 1980-82, 1997-98, 2003, and 2004-09**

\* \* \* \* \*

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

### **U.S. Importers and Imports**

In the original 1984 investigation concerning China, the Commission indicated that there were eight U.S. importers of the subject merchandise from China. In the staff report of the first review, the Commission indicated that only one importer was responsible for all imports of the Chinese production during 1998.<sup>48</sup> In response to the Commission's request in its notice of institution in the second review for a list of all known and currently operating U.S. importers of the subject merchandise and producers of the subject merchandise in the subject country that currently export or have exported subject merchandise to the United States or other countries after 1998, Carus listed two U.S. importers, Wego Chemical and Mineral Corp. and Groupstars Chemicals, LLC. Carus also noted that there is a significant number of other Chinese exporters that have the interest and ability to export substantial quantities of potassium permanganate from China.<sup>49</sup> In the current review, there have been no imports of subject merchandise since 2002; however, two companies, F2 Industries LLC and Univar, were reported as currently importing subject merchandise into Canada. Further, six firms were identified as principal Chinese producers of potassium permanganate.<sup>50</sup>

Official import statistics for potassium permanganate are presented in tables I-4a and I-4b. Data show that imports of the subject product from China declined from 1.0 million pounds in 1980 to 0.6 million pounds in 1982 (the original investigation). In 1989 such imports were 2.1 million pounds, rising to 2.5 million pounds in 1990 when Commerce increased the deposit rate from 39.53 percent to a China-wide rate of 128.94 percent. Imports declined to 256,000 pounds in 1992 before rising to 2.4 million pounds in 1993 when Chinese producers sold subject product through Hong Kong resellers using the 39.53 percent rate. Commerce remedied this practice with its May 1994 ruling in the

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<sup>48</sup> *Potassium Permanganate from China and Spain*, Invs. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999), p. I-21.

<sup>49</sup> Carus' response to the Commission's notice of institution, November 22, 2004, pp. 26-27

<sup>50</sup> Carus' response to the Commission's notice of institution, May 28, 2010, attachment 1.

**Table I-4a**  
**Potassium permanganate: U.S. imports, by sources, 1980-82 and 1989-2003**

Source	Calendar year																	
	1980	1981	1982	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>Quantity (1,000 pounds)</b>																		
China	1,019	281	588	2,075	2,524	824	256	2,403	926	625	2	0	2	0	40	177	892	0
All other	178	830	1,158	2,321	1,714	1,323	2,045	1,916	2,669	3,553	3,209	3,693	2,721	3,791	3,315	3,248	2,505	3,235
Total	1,197	1,111	1,746	4,397	4,239	2,147	2,301	4,319	3,595	4,178	3,212	3,693	2,724	3,791	3,354	3,425	3,397	3,235
<b>Value (\$1,000)<sup>1</sup></b>																		
China	695	183	323	1,303	1,383	424	145	1,242	426	228	2	0	2	0	24	105	592	0
All other	183	849	846	2,435	1,584	1,301	1,963	1,820	2,652	3,073	3,169	3,570	2,521	3,237	3,186	3,194	2,455	3,174
Total	878	1,032	1,169	3,738	2,968	1,725	2,108	3,062	3,078	3,301	3,170	3,570	2,523	3,237	3,210	3,298	3,047	3,174
<b>Unit value (per pound)</b>																		
China	\$0.68	\$0.65	\$0.55	\$0.63	\$0.55	\$0.51	\$0.57	\$0.52	\$0.46	\$0.37	\$0.83	( <sup>2</sup> )	0.83	( <sup>2</sup> )	\$0.60	\$0.59	\$0.66	( <sup>2</sup> )
All other	1.03	1.02	0.73	1.05	0.92	0.98	0.96	0.95	0.99	0.86	0.99	\$0.97	0.93	\$0.85	0.96	0.98	0.98	\$0.98
Ave.	0.73	1.67	1.28	0.85	0.70	0.80	0.92	0.71	0.86	0.79	0.99	0.97	0.93	0.85	0.96	0.96	0.90	0.98
<b>Share of quantity (percent)</b>																		
China	85.1	25.3	33.7	47.2	59.6	38.4	11.1	55.6	25.8	15.0	0.1	0.0	0.1	0.0	1.2	5.2	26.3	0.0
All other	14.9	74.7	66.3	52.8	40.4	61.6	88.9	44.4	74.2	85.0	99.9	100.0	99.9	100.0	98.8	94.8	73.7	100.0
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
<b>Share of value (percent)</b>																		
China	79.2	17.7	27.6	34.9	46.6	24.6	6.9	40.6	13.8	6.9	0.1	0.0	0.1	0.0	0.7	3.2	19.4	0.0
All other	20.8	82.3	72.4	65.1	53.4	75.4	93.1	59.4	86.2	93.1	99.9	100.0	99.9	100.0	99.3	96.8	80.6	100.0
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
<sup>1</sup> Landed, duty-paid. <sup>2</sup> Not applicable.																		
Source: Compiled from official Commerce statistics.																		

**Table I-4b**  
**Potassium permanganate: U.S. imports, by sources, 2004-09**

Source	Calendar year					
	2004	2005	2006	2007	2008	2009
<b>Quantity (1,000 pounds)</b>						
China	0	0	0	0	0	0
All other	2,461	2,310	2,859	2,465	1,575	2,519
Total	2,461	2,310	2,859	2,465	1,575	2,519
<b>Value (\$1,000)<sup>1</sup></b>						
China	0	0	0	0	0	0
All other	2,501	2,496	3,262	2,938	2,166	4,043
Total	2,501	2,496	3,262	2,938	2,166	4,043
<b>Unit value (per pound)</b>						
China	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
All other	1.02	1.08	1.14	1.19	1.38	1.60
Average	1.02	1.08	1.14	1.19	1.38	1.60
<b>Share of quantity (percent)</b>						
China	0.0	0.0	0.0	0.0	0.0	0.0
All other	100.0	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
<b>Share of value (percent)</b>						
China	0.0	0.0	0.0	0.0	0.0	0.0
All other	100.0	100.0	100.0	100.0	100.0	100.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Landed, duty-paid. <sup>2</sup> Not applicable.						
Source: Compiled from official Commerce statistics.						

administrative review for 1990. Imports declined to zero in 1997 and with the exception of 2,000 pounds in 1998 there were no imports into the United States until 2000 when 40,000 pounds were imported. Such imports rose to 892,000 pounds in 2002, when Groupstar Chemical Company, Ltd., exported product as a “new shipper” where its imports were secured through the posting of bonds rather than cash deposits. After an extended investigation, Commerce rescinded Groupstars’ “new shipper” status, thus ending its ability to import without cash deposits.<sup>51</sup> There have been no imports of subject potassium permanganate since 2002.

<sup>51</sup> Ibid., pp. 13-14

## Apparent U.S. Consumption

U.S. consumption data are presented in table I-5. Between 1980 and 1982, the domestic industry's share of apparent U.S. consumption of potassium permanganate fell from \*\*\* percent in 1980 to \*\*\* percent in 1982. In 1997 its share was \*\*\* percent, rising to \*\*\* percent in 1998 and declining to \*\*\* percent in 2003. The domestic industry's share of apparent consumption of potassium permanganate for the current five-year review decreased irregularly from \*\*\* percent in 2004 to \*\*\* percent in 2009. The share of apparent consumption accounted for by imports of potassium permanganate from China declined from \*\*\* percent in 1980 to \*\*\* percent in 1981 and rose to \*\*\* percent in 1982. During 1997-98 and 2003 China had no imports or negligible imports of subject merchandise. In the current review, there were no imports of subject merchandise from China. The share of apparent consumption accounted for by imports of potassium permanganate from all other sources rose from \*\*\* percent in 1980 to \*\*\* percent in 1982, then slipped from \*\*\* percent in 1997 to \*\*\* percent in 1998 before rising to \*\*\* percent in 2003. The share of apparent consumption accounted for by imports of potassium permanganate from all other sources rose irregularly from \*\*\* percent in 2004 to \*\*\* percent in 2009.

**Table I-5**

**Potassium permanganate: U.S. apparent consumption and market shares, 1980-82, 1997-98, 2003, and 2004-09**

\* \* \* \* \*

## THE INDUSTRY IN CHINA

In the original 1984 investigation concerning China, the Commission found that potassium permanganate was produced at eight plants in China and that exports of the product were handled exclusively by the China National Chemicals Import and Export Corp. (SINOCHEM).<sup>52</sup> The Commission also indicated that there were eight U.S. importers of the subject merchandise from China. In the staff report of the first review, the Commission indicated that only one importer was responsible for all imports of the Chinese production during 1998.<sup>53</sup> The Commission also reported that the number of potassium permanganate producers in China was unknown.

During the 1999 five-year review, two Chinese producers of potassium permanganate, Chongqing Jialing Chemical Factory (Chongqing Jialing) and Guizhou Province Zunyi Chemical Plant (Zunyi), estimated that they produced \*\*\* percent of the potassium permanganate in China.<sup>54</sup>

Potassium permanganate manufacturing technology in China advanced since the original 1984 investigation. According to information provided during the first five-year review, by Chinese potassium permanganate producer, \*\*\*. During the original 1984 investigation, China did not export free-flowing grade potassium permanganate to the United States. According to \*\*\* "\*\*\*\*".<sup>55</sup>

In its response to the notice of institution for the second five-year review, Carus indicated that China accounted for over half of estimated world potassium permanganate production capacity, and identified two Chinese producers of potassium permanganate, Guizhou Chemicals Import & Export Corp., and Groupstars Chemical Co. Ltd. (Shandong). It also noted that "there is a significant number of other Chinese producers . . . that have the interest and ability to ship substantial quantities of potassium

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<sup>52</sup> *Potassium Permanganate from China*, Inv. No. 731-TA-125 (Final), USITC Pub. 1480 (Jan. 1984), p. 15.

<sup>53</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999), p. I-12.

<sup>54</sup> *Ibid.*, p. IV-3.

<sup>55</sup> *Ibid.*, p. IV-4.

permanganate to the United States” and identified through internet searches 11 Chinese producers and 22 Chinese exporters of potassium permanganate and through a market study 10 Chinese producers of potassium permanganate.

In its response to the notice of initiation for the current five-year review, Carus identified \*\*\* producers of potassium permanganate in China and estimated that in 2009 China had the capacity to produce 133.8 million pounds of potassium permanganate and produced \*\*\* million pounds for a capacity utilization of \*\*\* percent and excess capacity of 61.1 million pounds (table I-6). China exported \*\*\* percent of its production in 2009, which accounted for over \*\*\* percent of world exports of potassium permanganate that year. Carus estimated that there also exists about \*\*\* pounds in inventory in China amongst various producers, with the largest volume at \*\*\*.<sup>56</sup>

**Table I-6  
Potassium permanganate: Capacity, production, capacity utilization and share of production in China, 2009**

Producers	Capacity <sup>1</sup> (1,000 pounds)	Production <sup>1</sup> (1,000 pounds)	Capacity utilization (percent)	Share of production (percent)
Chongqing	70,547	***	***	***
Groupstar	26,455	***	***	***
Zunyi	9,259	***	***	***
Meixian	7,716	***	***	***
Jianshui	6,614	***	***	***
Heng Ye	9,921	***	***	***
Others	3,307	***	***	***
Total	133,819	***	***	***

<sup>1</sup> Capacity and production figures for China are reportedly derived from Carus market intelligence.

Source: Compiled from data provided by Carus’ response to the Commission’s notice of institution, May 28, 2010, attachment 13.

## THE WORLD MARKET

Carus provided estimates of world capacity, production, and consumption for 2009, and the data are presented in table I-7. As indicated by the data, China and the United States are the predominant world producers of potassium permanganate. China accounted for an estimated \*\*\* of world production and \*\*\* percent of consumption, and the United States accounted for an estimated \*\*\* percent of production and \*\*\* percent of consumption.

**Table I-7  
Potassium permanganate: World capacity, production, and consumption, 2009**

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<sup>56</sup> Carus’ response to the Commission’s notice of institution, May 28, 2010, attachment 13.

## **EU and Indian Antidumping Orders**

The European Union continues to have an antidumping duty order in effect on imports of potassium permanganate from India and Ukraine. An EU antidumping duty order on product from China was issued in 1988, and in November 1994 a more stringent, per-kilogram, duty was imposed in the amount of 1.26 ECU per kilogram. The EU antidumping orders concerning China were terminated in 2006.<sup>57</sup> Antidumping orders on product from India and Ukraine were issued in 1998.

India also has had an antidumping order, in effect since 1995, on imports of potassium permanganate from China. The current duty is US\$440 per metric ton.

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<sup>57</sup> Carus' response to the Commission's notice of institution, May 28, 2010, p. 29.

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





antidumping duty order on potassium permanganate from China 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;<sup>1</sup> to be assured of consideration, the deadline for responses is June 2, 2010. Comments on the adequacy of responses may be filed with the Commission by July 16, 2010. 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), as most recently amended at 74 FR 2847 (January 16, 2009).

**DATES:** *Effective Date:* May 3, 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 this review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.*—On January 31, 1984, the Department of Commerce issued an antidumping duty order on imports of potassium permanganate from China (49 FR 3897). Following first five-year reviews by Commerce and the Commission, effective November 24, 1999, Commerce issued a continuation of the antidumping duty order on imports of potassium permanganate from China (64 FR 66166). Following second five-year reviews by Commerce and the Commission, effective June 21, 2005, Commerce issued a continuation of the antidumping duty order on

imports of potassium permanganate from China (70 FR 35630). The Commission is now conducting a third review to determine whether revocation of the order 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 a full review or an expedited review. The Commission's determination in any expedited review will be based on the facts available, which may include information provided in response to this notice.

*Definitions.*—The following definitions apply to this review:

(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 Country* in this review is China.

(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 determination, its full first five-year review determination, and its expedited second five-year review determination, the Commission defined the *Domestic Like Product* as potassium permanganate co-extensive with Commerce's scope.

(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. In its original determination, its full first five-year review determination, and its expedited second five-year determination, the Commission defined the *Domestic Industry* as all domestic producers of potassium permanganate.

(5) 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 review 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 review 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

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731–TA–125 (Third Review)]

**Potassium Permanganate From China**

**AGENCY:** United States International Trade Commission.

**ACTION:** Institution of a five-year review concerning the antidumping duty order on potassium permanganate from China.

**SUMMARY:** The Commission hereby gives notice that it has instituted a review 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

<sup>1</sup> 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. 10–5–216, 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, 5000 E Street, SW., Washington, DC 20436.

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 review.

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 this review available to authorized applicants under the APO issued in the review, 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 review. 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 this review 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 June 2, 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 conduct an expedited or full review. The deadline for filing such comments is July 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 review must be served on all other parties to the review (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 review 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 determination in the review.

*Information To Be Provided in Response to This Notice of Institution:* 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 this review by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty order 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 the *Subject Country* that currently export or have exported *Subject Merchandise* to the United States or other countries after 2003.

(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); and

(d) The quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(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*, 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 the *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 the *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 the *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*, 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 the *Subject Country* accounted for by your firm's(s') production; and

(b) Capacity (quantity) of your firm to produce the *Subject Merchandise* in the *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 the *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 the *Subject Country* after 2003, 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 the *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:** This review is 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.

Issued: April 22, 2010.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 2010-9814 Filed 4-30-10; 8:45 am]

**BILLING CODE 7020-02-P**

Year Review which covers the same orders.

**DATES:** *Effective Date:* May 3, 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:

**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-*

DOC case No.	ITC case No.	Country	Product	Department contact
A-570-898 .....	731-TA-1082 ...	PRC .....	Chlorinated Isocyanurates .....	Jennifer Moats, (202) 482-5047.
A-469-814 .....	731-TA-1083 ...	Spain .....	Chlorinated Isocyanurates .....	Jennifer Moats, (202) 482-5047.
A-570-101 .....	731-TA-101 .....	PRC .....	Greige Polyester Cotton Printcloth (3rd Review).	Jennifer Moats, (202) 482-5047.
A-570-001 .....	731-TA-125 .....	PRC .....	Potassium Permanganate (3rd Review).	Jennifer Moats, (202) 482-5047.
A-351-503 .....	731-TA-262 .....	Brazil .....	Iron Construction Castings (3rd Review).	Dana Mermelstein, (202) 482-1391.
A-122-503 .....	731-TA-263 .....	Canada .....	Iron Construction Castings (3rd Review).	Dana Mermelstein, (202) 482-1391.
A-570-502 .....	731-TA-265 .....	PRC .....	Iron Construction Castings (3rd Review).	Dana Mermelstein, (202) 482-1391.
C-351-504 .....	701-TA-249 .....	Brazil .....	Heavy Iron Construction Castings (3rd 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.<sup>1</sup> Please 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).

Dated: April 19, 2010.

**John M. Andersen,**

*Acting Deputy Assistant Secretary for  
Antidumping and Countervailing Duty  
Operations.*

[FR Doc. 2010–10258 Filed 4–30–10; 8:45 am]

**BILLING CODE 3510–DS–P**

<sup>1</sup> 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 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.

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**INTERNATIONAL TRADE  
COMMISSION**

**[Investigation No. 731-TA-125 (Third  
Review)]**

**Potassium Permanganate From China**

**AGENCY:** United States International  
Trade Commission.

**ACTION:** Scheduling of an expedited five-  
year review concerning the antidumping  
duty order on potassium permanganate  
from China.

**SUMMARY:** The Commission hereby gives  
notice of the scheduling of an expedited  
review pursuant to section 751(c)(3) of  
the Tariff Act of 1930 (19 U.S.C.  
1675(c)(3)) (the Act) to determine  
whether revocation of the antidumping  
duty order on potassium permanganate  
from China would be likely to lead to  
continuation or recurrence of material  
injury within a reasonably foreseeable  
time. For further information  
concerning the conduct of this review  
and rules of general application, consult  
the Commission's Rules of Practice and  
Procedure, part 201, subparts A through

E (19 CFR part 201), and part 207, subparts A, D, E, and F (19 CFR part 207).

**DATES:** *Effective Date:* August 6, 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 at 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 review may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.* On August 6, 2010, the Commission determined that the domestic interested party group response to its notice of institution (75 FR 23298, May 3, 2010) of the subject five-year review was adequate and that the respondent interested party group response was inadequate. The Commission did not find any other circumstances that would warrant conducting a full review.<sup>1</sup> Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act.

*Staff report.* A staff report containing information concerning the subject matter of the review will be placed in the nonpublic record on September 2, 2010, and made available to persons on the Administrative Protective Order service list for this review. A public version will be issued thereafter, pursuant to section 207.62(d)(4) of the Commission's rules.

*Written submissions.* As provided in section 207.62(d) of the Commission's rules, interested parties that are parties to the review and that have provided individually adequate responses to the notice of institution,<sup>2</sup> and any party other than an interested party to the review may file written comments with the Secretary on what determination the Commission should reach in the review.

Comments are due on or before September 8, 2010 and may not contain new factual information. Any person that is neither a party to the five-year review nor an interested party may submit a brief written statement (which shall not contain any new factual information) pertinent to the review by September 8, 2010. However, should the Department of Commerce extend the time limit for its completion of the final results of its review, the deadline for comments (which may not contain new factual information) on Commerce's final results is three business days after the issuance of Commerce's results. If comments contain business proprietary information (BPI), they must conform with the requirements of 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).

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to the review must be served on all other parties to the review (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

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

Issued: August 11, 2010.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 2010-20355 Filed 8-17-10; 8:45 am]

**BILLING CODE 7020-02-P**

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

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

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**DEPARTMENT OF COMMERCE****International Trade Administration**

[A-570-001]

**Potassium Permanganate from the People's Republic of China: Final Results of Expedited Sunset Review of Antidumping Duty Order**

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

**DATES:** *Effective Date:* August 26, 2010.

**SUMMARY:** On May 3, 2010, the Department of Commerce ("Department") initiated a sunset review of the antidumping duty order on potassium permanganate from the People's Republic of China ("PRC"). On the basis of a timely notice of intent to participate and an adequate substantive response filed on behalf of a domestic interested party, as well as a lack of response from respondent interested parties, the Department conducted an expedited sunset review. As a result of the sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

**FOR FURTHER INFORMATION CONTACT:** Alexis Polovina, AD/CVD Operations, Office 9, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; *telephone:* (202) 482-3927.

**SUPPLEMENTARY INFORMATION:****Background**

On May 3, 2010, the Department published the notice of initiation of the sunset review of the antidumping duty order on potassium permanganate from the PRC pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). See *Initiation of Five-Year ("Sunset") Review*, 75 FR 23240 (May 3, 2010). On May 6, 2010, the Department received a notice of intent to participate from a domestic producer, Carus Corporation ("Carus," "domestic interested party," or "Petitioner"). Submission of the notice of intent to participate filed by Petitioner was

within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations. The domestic interested party claimed interested party status under section 771(9)(C) of the Act, as Carus is a domestic manufacturer of potassium permanganate in the United States. On May 28, 2010, the Department received a substantive response from the domestic interested party within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. We did not receive substantive responses from any respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department determined to conduct an expedited review of the order.

**Scope of the Order**

Imports covered by the order are shipments of potassium permanganate, an inorganic chemical produced in free-flowing, technical, and pharmaceutical grades. Potassium permanganate is currently classifiable under item 2841.61.00 of the Harmonized Tariff Schedule (HTS). The HTS item number is provided for convenience and customs purposes. The written description remains dispositive.

**Analysis of Comments Received**

All issues raised in this review are addressed in the "Issues and Decision Memorandum" ("Decision Memorandum") from Edward C. Yang, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, dated August 19, 2010, which is hereby adopted by this notice. The issues discussed in the Decision Memorandum include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order were revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit in room 1117 of the main Commerce building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the internet at <http://ia.ita.doc.gov/frn>. The paper copy and electronic version of the Decision Memorandum are identical in content.

**Final Results of Review**

Pursuant to sections 752(c)(1) and (3) of the Act, we determine that revocation of the antidumping duty order on potassium permanganate from the PRC



would be likely to lead to continuation or recurrence of dumping at the following percentage margins:

Manufacturers/producers/exporters	Margin (percent)
PRC-Wide .....	128.94

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 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 the results and notice in accordance with sections 751(c), 752(c), and 777(i)(1) of the Act.

Dated: August 19, 2010.

**Ronald K. Lorentzen,**

*Deputy Assistant Secretary for Import Administration.*

[FR Doc. 2010-21288 Filed 8-25-10; 8:45 am]

**BILLING CODE 3510-DS-P**

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



## EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

*Potassium Permanganate from China*  
Inv. No. 731-TA-125 (Third Review)

On August 6, 2010, the Commission determined that it should conduct an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B).

The Commission received a single response to its notice of institution filed by the sole domestic producer of potassium permanganate, Carus Corporation (“Carus”). The Commission found that the response submitted by Carus was individually adequate. The Commission also found that the domestic interested party group response to its notice of institution was adequate.

No responses were received from any respondent interested parties. Consequently, the Commission determined that the respondent interested party group response was inadequate.

The Commission did not find any circumstances that would warrant conducting a full review of the order. The Commission, therefore, determined to conduct an expedited review of the order.

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 C**  
**SUMMARY DATA**





**Table C-1**  
**Potassium permanganate: Summary data concerning the U.S. market, 2004-09**

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

Item	Reported data						Period changes					
	2004	2005	2006	2007	2008	2009	2004-09	2004-05	2005-06	2006-07	2007-08	2008-09
<b>U.S. consumption quantity:</b>												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
China	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. consumption value:</b>												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
China	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. imports from:</b>												
<b>China:</b>												
Quantity	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Value	0	0	0	0	0	0	(2)	(2)	(2)	(2)	(2)	(2)
Unit value	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
<b>All other sources:</b>												
Quantity	2,461	2,310	2,859	2,465	1,575	2,519	2.4	-6.1	23.7	-13.8	-36.1	60.0
Value	2,501	2,496	3,262	2,938	2,166	4,043	61.6	-0.2	30.7	-9.9	-26.3	86.7
Unit value	\$1.02	\$1.08	\$1.14	\$1.19	\$1.38	\$1.60	57.9	6.3	5.6	4.4	15.4	16.7
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
<b>All sources:</b>												
Quantity	2,461	2,310	2,859	2,465	1,575	2,519	2.4	-6.1	23.7	-13.8	-36.1	60.0
Value	2,501	2,496	3,262	2,938	2,166	4,043	61.6	-0.2	30.7	-9.9	-26.3	86.7
Unit value	\$1.02	\$1.08	\$1.14	\$1.19	\$1.38	\$1.60	57.9	6.3	5.6	4.4	15.4	16.7
Ending inventory quantity	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
<b>U.S. producers':</b>												
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. shipments:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
<b>Export shipments:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s hours)	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (pounds per hour)	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs (dollars per 1,000 pounds)	***	***	***	***	***	***	***	***	***	***	***	***
<b>Net sales:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.

(2) Not applicable.

(3) Not available.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from Carus Response, Attachment 31 and from official Commerce statistics.

