

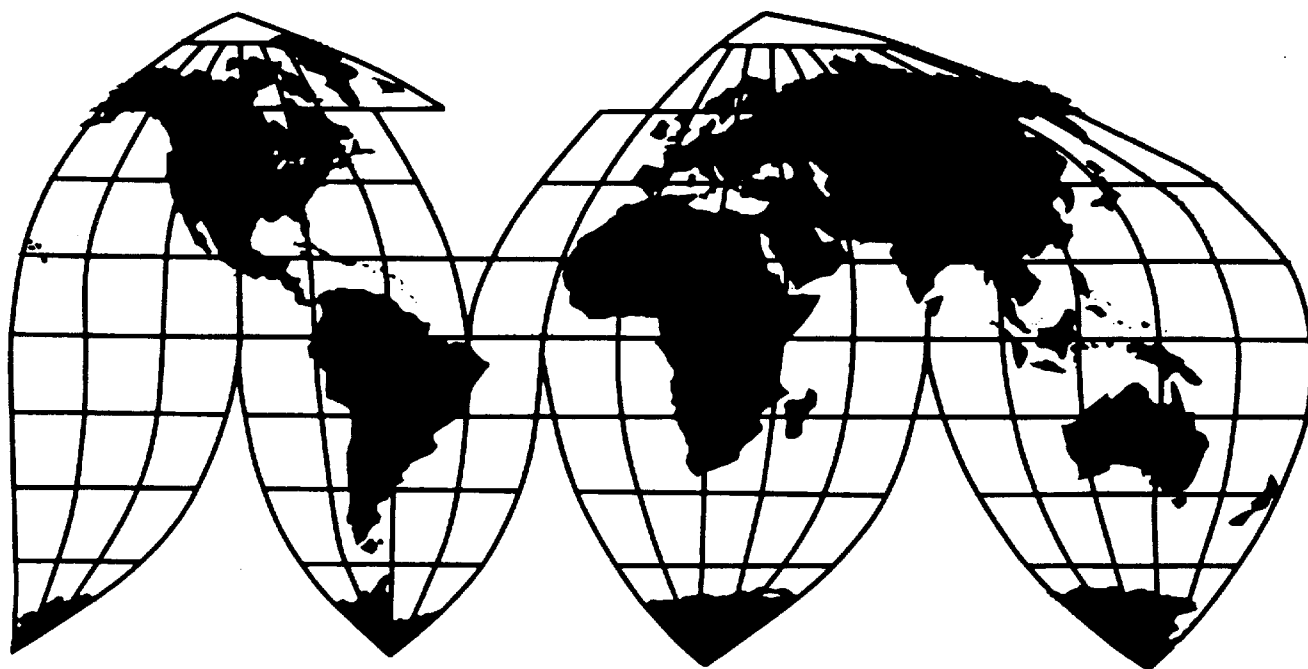
# Potassium Permanganate From China

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

Publication 3778

June 2005

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.



# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-125 (Second 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 determines, pursuant to section 751(c) of the Tariff Act of 1930 (the Act),<sup>2</sup> 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 October 1, 2004 (69 FR 58955), and determined on January 4, 2005, that it would conduct an expedited review (70 FR 2428, January 13, 2005).

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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)).

<sup>2</sup> 19 U.S.C. § 1675(c).





## 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 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.

Potassium permanganate is an inorganic chemical produced in free-flowing, technical, and pharmaceutical grades.<sup>1</sup> In the United States, as of 1999, 85 percent to 90 percent of the potassium permanganate sold was the free-flowing grade because it is easier to place into a feeder.<sup>2</sup> As reported during the first five-year full reviews, potassium permanganate is used principally as an oxidizing agent in the following applications:<sup>3</sup> municipal water treatment; wastewater treatment; chemical manufacture and processing; aquaculture (fish farming); metal processing; air and gas purification; decoloring and bleaching agent (in the textile and tanning industries); decontamination of radioactive wastes; an aid in flotation processes used in mining; cleaning printed circuit boards; and numerous other applications.<sup>4</sup> The sole U.S. manufacturer of potassium permanganate is Carus Chemical Co. (“Carus”), located in Peru, IL. Carus is a division of the Carus Corp., 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.<sup>5</sup>

As it had in the original investigation and first review, Carus continues to dominate the U.S. market.<sup>6</sup> 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.<sup>7</sup>

### I. BACKGROUND

In January 1984, the Commission determined that an industry in the United States was being materially injured by reason of less than fair value (“LTFV”) imports of potassium permanganate from China<sup>8</sup> and Spain.<sup>9</sup> The Department of Commerce (“Commerce”) issued an antidumping duty order on

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<sup>1</sup> Since 1996, imports of potassium permanganate as defined by the scope of the order have been provided for in HTS subheading 2841.61.0000, with a column 1 rate of duty of 5 percent and a column 2 rate of duty of 23 percent. From 1989 through 1995, the HTS number was 2841.60.0010.

<sup>2</sup> Confidential Staff Report (“CR”) at I-8, Public Staff Report (“PR”) at I-7.

<sup>3</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, I-8-I-9.

<sup>4</sup> Applications for potassium permanganate that saw a spurt of growth in the past but that 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) (“Carus Response”) at 38.

<sup>5</sup> CR I-17, PR at I-13.

<sup>6</sup> CR/PR at Table I-5.

<sup>7</sup> CR/PR at Table I-5.

<sup>8</sup> Potassium Permanganate from China, Inv. No. 731-TA-125 (Final), USITC Pub. 1480 (Jan. 1984) (“Original Determination”).

<sup>9</sup> Potassium Permanganate from Spain, Inv. No. 731-TA-126 (Final), USITC Pub. 1474 (Jan. 1984). Although petitioner, Carus, simultaneously filed its petitions in the Spain and China investigations, the Commission made its final injury determinations in the investigations two weeks apart due to the Department of Commerce’s

(continued...)

potassium permanganate from Spain on January 19, 1984,<sup>10</sup> and on potassium permanganate from China on January 31, 1984.<sup>11</sup>

On November 2, 1998, the Commission instituted reviews pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty orders on potassium permanganate from China and from Spain would be likely to lead to continuation or recurrence of material injury.<sup>12</sup> On February 4, 1999, the Commission voted to conduct full reviews in both subject five-year reviews involving potassium permanganate.<sup>13</sup> 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, but that revocation of the antidumping duty order on potassium permanganate from Spain would not be likely to lead to the continuation or recurrence of material injury.<sup>14</sup> Accordingly, the order on China remained in place while the order on Spain was revoked.<sup>15</sup>

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an expedited review. In order to make this decision, the Commission first determines whether individual responses to the notice of institution are adequate. Next, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties – domestic interested parties (such as producers, unions, trade associations, or worker groups) and respondent interested parties (such as importers, exporters, foreign producers, trade associations, or subject country governments) – demonstrate a sufficient willingness among each group to participate and provide information requested in a full review. If the Commission finds the responses from both groups of interested parties adequate, or if other circumstances warrant, it will determine to conduct a full review.<sup>16</sup>

The Commission instituted the present review on October 1, 2004.<sup>17</sup> The Commission received a single response from Carus Chemical Company, the sole domestic producer of potassium permanganate.<sup>18</sup> On January 4, 2005, the Commission determined that the domestic interested party response was

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<sup>9</sup> (...continued)

postponements of its final determination in the China investigation. See 48 Fed. Reg. 40771 (Sept. 9, 1983) and 48 Fed. Reg. 45815 (Oct. 7, 1983).

<sup>10</sup> 49 Fed. Reg. 2277 (Jan. 19, 1984).

<sup>11</sup> 49 Fed. Reg. 3897 (Jan. 31, 1984).

<sup>12</sup> 63 Fed. Reg. 58765 (Nov. 2, 1998).

<sup>13</sup> See Explanation of Commission Determination on Adequacy in Potassium Permanganate from China and Spain (Feb. 18, 1999) (“Adequacy Explanation”). See also 64 Fed. Reg. 9177 (Feb. 24, 1999) (notice of Commission determination to conduct full five-year reviews).

<sup>14</sup> Potassium Permanganate from China and Spain, Inv. Nos. 731-TA-125-126 (Review) USITC Pub. 3245 (Nov. 4, 1999) (“First Review”).

<sup>15</sup> Commerce revoked the antidumping duty order on Spain, effective January 1, 2000. See 64 Fed. Reg. 66167 (Nov. 24, 1999).

<sup>16</sup> See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

<sup>17</sup> 69 Fed. Reg. 58955 (Oct. 1, 2004).

<sup>18</sup> The Commission also received a response to the notice of institution from two firms, Calciquest, Inc., and Speciality Products International, Inc., which are not respondent interested parties.

adequate, and that the respondent interested party response was inadequate. It unanimously determined that it would conduct an expedited review pursuant to section 751(c)(3) the Act.<sup>19 20</sup>

## II. DOMESTIC LIKE PRODUCT AND INDUSTRY

### A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”<sup>21</sup> The Act defines the “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>22</sup>

As it did in its original and its first review determinations, Commerce has defined the scope of the order in this second review as potassium permanganate.<sup>23</sup> Potassium permanganate is a compound of manganese, potassium, and oxygen.<sup>24</sup> Potassium permanganate principally is used as an oxidizing agent by various industries and municipalities. It also 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.<sup>25</sup> Potassium permanganate is classifiable into three grades: free-flowing, technical, and USP or pharmaceutical grade (high purity).<sup>26</sup>

In its original determination, the Commission defined the domestic like product as potassium permanganate co-extensive with the scope.<sup>27</sup> In the Commission’s first review of the order, the Commission found that there was no new information that warranted changing the definition of the domestic like product. Similarly in this review, none of the additional information warrants a departure from the original definition. Accordingly, we define the domestic like product as potassium permanganate co-extensive with the scope.

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<sup>19</sup> 19 U.S.C. § 1675(c)(3).

<sup>20</sup> 70 Fed. Reg. 2428 (Jan. 13, 2005); see also Explanation of Determination on Adequacy, CR/PR at Appendix B.

<sup>21</sup> 19 U.S.C. § 1677(4)(A).

<sup>22</sup> 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>23</sup> See CR at I-6, n. 10, PR at 6 n.11.

<sup>24</sup> CR at I-7, PR at I-6.

<sup>25</sup> CR at I-9, PR at I-8.

<sup>26</sup> CR at I-7, I-6.

<sup>27</sup> In the original investigation, the Commission considered whether there were three domestic 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. The Commission made its findings on the basis that all three grades possessed the identical chemical formula and were produced, for the most part, using the same manufacturing process. Further, it found increasing interchangeability of technical grade and free-flowing grade potassium permanganate for many uses, and “historically similar pricing” of the domestically produced technical grade and free-flowing grade potassium permanganate. Original Determination at 6. At the time of the original investigation, as now, the U.S. industry produced all three grades of potassium permanganate. CR at I-7, PR at I-6.

## B. Domestic Industry

Section 771(4)(A) of the Act defines the relevant domestic industry as the “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>28</sup> Consistent with our domestic like product finding, we define the domestic industry as the sole domestic producer of potassium permanganate, Carus.<sup>29</sup>

## III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING ORDER IS REVOKED

### A. Legal Standard In A Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping duty order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>30</sup> The SAA states that “under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>31</sup> Thus, the likelihood standard is prospective in nature.<sup>32</sup> The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>33 34 35 36</sup>

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<sup>28</sup> 19 U.S.C. § 1677(4)(A). 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, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

<sup>29</sup> The related parties provision, 19 U.S.C. § 1677(4)(B), allows for the exclusion of certain domestic producers from the domestic industry for the purposes of an injury determination. The record does not indicate that any domestic producer is a related party.

<sup>30</sup> 19 U.S.C. § 1675a(a).

<sup>31</sup> SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

<sup>32</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>33</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)”; Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 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

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The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>37</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis [in antidumping investigations].”<sup>38 39</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping 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 order is revoked or the suspended investigation is terminated.”<sup>40</sup> It directs the Commission to take into account its prior injury determinations, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the

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<sup>33</sup> (...continued)

likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>34</sup> Vice Chairman Okun and Commissioner Pearson refer to their dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 at 15-17 (June 2004).

<sup>35</sup> Commissioner Hillman interprets the statute as setting out a standard of whether it is “more likely than not” that material injury would continue or recur upon revocation. She assumes that this is the type of meaning of “probable” that the Court intended when the Court concluded that “‘likely’ means “probable”. See Separate Views of Vice Chairman Jennifer A. Hillman Regarding the Interpretation of the Term “Likely,” in Certain Carbon Steel Products from Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, The Netherlands, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom (Views on Remand), Invs. Nos. AA1921-197 (Review), 701-TA-231, 319-320, 322, 325-328, 340, 342, and 348-350 (Review), and 731-TA-573-576, 578, 582-587, 604, 607-608, 612, and 614-618 (Review) (Remand), USITC Pub. 3526 (July 2002) at 30-31.

<sup>36</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA 1921-167 (Second Review), USITC Pub. 3698 at 15-17 (June 2004), she does not concur with the U.S. International Court of Trade’s interpretation of “likely,” but she will apply the Court’s standard in this review and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

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

<sup>38</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” Id.

<sup>39</sup> In analyzing what constitutes a reasonably foreseeable time, Chairman Koplan examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

<sup>40</sup> 19 U.S.C. § 1675a(a)(1).

industry is vulnerable to material injury if the order is 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>41</sup>

Section 751(c)(3) of the Act and the Commission's regulations provide that in an expedited five-year review the Commission may issue a final determination "based on the facts available, in accordance with section 776 of the Act."<sup>42</sup> We have relied on the facts available in this review which consist primarily of information from the original investigation and first review, information collected by the Commission since the institution of this second five-year review, information submitted by the domestic producers, and official Commerce statistics.

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

## **B. Conditions of Competition**

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."<sup>43</sup> The following conditions of competition in the potassium permanganate market are relevant to our determination.

As at the time of the original investigation and first review, the primary end use for potassium permanganate in the U.S. market has been as an oxidizing agent in water and wastewater treatment.<sup>44</sup> Carus reports the use of potassium permanganate in municipal drinking and wastewater treatment accounts for about three-quarters of current U.S. demand and that today the municipal drinking and wastewater markets are relatively mature.<sup>45</sup> Potassium permanganate also is used in various industrial applications.<sup>46</sup>

According to Carus, given the maturity of the two markets, demand for potassium permanganate in water and wastewater treatment is not expected to grow within the reasonably foreseeable future.<sup>47</sup> In the 1999-2003 period, Carus's sales to the drinking water market remained flat while its sales to the wastewater market declined by an average of \*\*\* percent per year.<sup>48</sup> Because Carus anticipates limited growth potential for sales to municipalities, Carus indicates that it is seeking to increase the use of potassium permanganate in other applications, such as aquaculture, metal processing, agrochemicals and

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<sup>41</sup> 19 U.S.C. § 1675a(a)(1). Commerce has made no duty absorption findings for potassium permanganate. 70 Vol. 24520 (May 10, 2005). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>42</sup> 19 U.S.C. § 1675(c)(3)(B); 19 C.F.R. § 207.62(e). Section 776 of the Act, in turn, authorizes the Commission to "use the facts otherwise available" in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or any other person withholds information requested by the agency, fails to provide such information in the time or in the form or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(I) of the Act. 19 U.S.C. § 1677e(a).

<sup>43</sup> 19 U.S.C. § 1675a(a)(4).

<sup>44</sup> CR at I-14, PR at I-11.

<sup>45</sup> CR at I-13-14, PR at I-11.

<sup>46</sup> CR at I-19, PR at I-8.

<sup>47</sup> CR at I-14, PR at I-11.

<sup>48</sup> CR at I-14, PR at I-11.

hazardous waste treatment.<sup>49</sup> According to Carus, industrial applications (applications other than water and wastewater treatment) account for one-third of U.S. commercial shipments of potassium permanganate.<sup>50</sup>

Apparent U.S. consumption was \*\*\* pounds in 1980 and decreased to \*\*\* pounds in 1981.<sup>51</sup> Apparent consumption further declined to \*\*\* pounds in 1982, after Carus' largest customer ceased purchasing potassium permanganate.<sup>52</sup> From 1982 to 1998, apparent U.S. consumption had nearly tripled, increasing to \*\*\* pounds in 1998.<sup>53</sup> Since the first review, U.S. apparent consumption has declined. In 2004, apparent U.S. consumption was \*\*\* pounds.<sup>54</sup> However, as it was during the first review, the U.S. market is the world's largest market for potassium permanganate.<sup>55</sup> In 1999, 85 percent to 90 percent of potassium permanganate sold in the United States was of the free-flowing grade, and almost all of the remaining sales were of the technical grade.<sup>56</sup>

From 1982 to 1998, domestic capacity remained fairly steady, increasing from \*\*\* pounds to \*\*\* pounds.<sup>57</sup> Domestic production of potassium permanganate was \*\*\* pounds in 1980, \*\*\* pounds in 1982, \*\*\* pounds in 1998, and \*\*\* million pounds in 2003.<sup>58</sup>

The market share of Carus, the sole domestic producer, was \*\*\* percent in 1997, \*\*\* percent in 1998, and \*\*\* percent in 2003.<sup>59</sup> The recent decrease in Carus' market share is due to an increase in nonsubject imports of potassium permanganate. Nonsubject imports' share of the U.S. market fell from \*\*\* percent in 1997 to \*\*\* percent in 1998, but increased to \*\*\* percent in 2003.<sup>60</sup>

The Commission found in the first review that participants in the U.S. market compete for sales directly or sell their product to distributors.<sup>61</sup> The record in this review indicates that has not changed,<sup>62</sup> although Carus reports that, since the first review, internet trading in the commodity chemicals sector has increased substantially.<sup>63</sup>

Potassium permanganate is a fungible, price sensitive product.<sup>64</sup> Most potassium permanganate destined for water and wastewater treatment applications is sold to distributors, who in turn sell to government water authorities through a transparent bidding process in which the lowest bidder often wins

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<sup>49</sup> CR at I-14, PR at I-11.

<sup>50</sup> CR at I-14, PR at I-11.

<sup>51</sup> CR/PR at Table I-5.

<sup>52</sup> CR/PR at Table I-5.

<sup>53</sup> CR/PR at Table I-5.

<sup>54</sup> CR/PR at Table I-5.

<sup>55</sup> CR/PR at Table I-5.

<sup>56</sup> First Review at 13.

<sup>57</sup> CR/PR at Table I-3. Domestic capacity information since 1998 is unavailable.

<sup>58</sup> CR/PR at Table I-3.

<sup>59</sup> CR/PR at Table I-5.

<sup>60</sup> CR/PR at Table I-5.

<sup>61</sup> First Review at 14.

<sup>62</sup> CR at I-13, I-10.

<sup>63</sup> CR at I-14-15, PR at I-11.

<sup>64</sup> First Review at 14; Carus Response at 17-18.

based on a difference in fractions of a cent per pound.<sup>65</sup> In the first review, importers and purchasers indicated that there is a moderate to high degree of substitutability between the domestic like product and subject and nonsubject imports.<sup>66</sup>

Based on the record evidence, we find that these conditions of competition in the potassium permanganate market are not likely to change significantly in the reasonably foreseeable future. Accordingly, in this review, we find that current conditions in the potassium permanganate market provide us with a reasonable basis on which to assess the likely effects of revocation of the order in the reasonably foreseeable future.

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

In evaluating the likely volume of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>67</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>68</sup>

We conclude, based on the facts available,<sup>69</sup> that subject import volume is likely to increase significantly and would be significant if the order is revoked. In making this finding, we recognize that no subject imports are currently in the domestic market. In a five-year review, however, our focus is on whether subject import volume is likely to be significant within a reasonably foreseeable time if the antidumping duty order is revoked.

In the original determination concerning China, the Commission found that following a drop in volume between 1980 and 1981, subject imports from China increased from 281,000 pounds in 1981 to 588,000 pounds in 1982 and that during January-August 1983, 1.4 million pounds were imported from China compared to 407,000 pounds in the corresponding period of 1982.<sup>70</sup> It further found that the ratio of imports from China to apparent domestic consumption, excluding purchases by Chemagro,<sup>71</sup> rose from 1980 to 1981, declined from 1981 to 1982, and then more than doubled during the first eight months of 1983 compared to the corresponding period of 1982.<sup>72</sup>

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<sup>65</sup> First Review at 14; Carus Response at 17-18.

<sup>66</sup> First Review at 14.

<sup>67</sup> 19 U.S.C. § 1675a(a)(2).

<sup>68</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>69</sup> See 19 U.S.C. § 1677e(a).

<sup>70</sup> Original Determination at 9-10.

<sup>71</sup> In 1980, Carus imported a substantial amount of potassium permanganate from China in order to meet its contractual obligations. However, 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 imports from 1980 to 1981 was in large part due to Carus' loss of Chemagro as a customer and the consequent drop in Carus' purchases of imported product from China. Original Determination at 9 & n. 28.

<sup>72</sup> Original Determination at 10; Table 18, Original Confidential Commission Report (INV-G-226, December 14, 1983) at A-52. The Commission also made an affirmative critical circumstances finding with respect to imports

(continued...)



In the first five-year review, the Commission found that between 1986 and 1990, subject imports from China increased dramatically to 2.5 million pounds but fell to 300,000 pounds in 1992, following an increase in the dumping margins as a result of an administrative review by Commerce.<sup>73</sup> It further noted that between 1992 and 1993, Chinese subject imports increased significantly.<sup>74</sup> It stated that in 1994, Commerce found that potassium permanganate was being transshipped through Hong Kong resellers previously assigned the 39.53 percent margin and, as a result, Commerce assigned a country-wide margin of 128.94 percent to all subject imports from China.<sup>75</sup> Thereupon, subject imports from China then declined steeply, and during the period of the first five-year review, subject imports were virtually non-existent.<sup>76</sup>

Since the first five-year review, there were no imports from China into the United States until 2000, when 40,000 pounds were imported.<sup>77</sup> Imports from China rose to 892,000 pounds in 2002, when Groupstars Chemical Company, Ltd. (“Groupstars”), exported as a “new shipper.” This status allowed it to secure its imports through the posting of bonds rather than with cash deposits.<sup>78</sup> Commerce revoked Groupstars’ new shipper status in 2002.<sup>79</sup> Since 2002, there have been no recorded imports of potassium permanganate from China.<sup>80</sup>

There are several factors that support a finding of increased subject imports if the order were revoked. Since the original investigation, Chinese potassium permanganate producers greatly expanded their capacity. As the Commission found in the first five-year review, Chinese capacity in 1998 was equivalent to \*\*\* U.S. apparent consumption for the same year.<sup>81</sup> The limited record in this expedited review indicates that in 2003 potassium permanganate production capacity in China was 77.1 million pounds, which is approximately \*\*\* apparent U.S. consumption and more than \*\*\* U.S. production in 2003.<sup>82</sup> The record also indicates that Chinese producers have begun construction of additional production capacity or have plans to do so, and that as a result current Chinese capacity will increase by about 60 percent.<sup>83</sup>

The record indicates that Chinese subject producers have substantial capability to ship substantial volumes of potassium permanganate to the United States if the order were revoked. In 1998, Chinese subject producers were operating at \*\*\* percent capacity and their inventories were substantial.<sup>84</sup> In

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<sup>72</sup> (...continued)  
from China. Original Determination at 12-14.

<sup>73</sup> First Review at 20.

<sup>74</sup> First Review at 20.

<sup>75</sup> First Review at 20.

<sup>76</sup> First Review at 20.

<sup>77</sup> CR at I-19, PR at I-14.

<sup>78</sup> CR at I-19-20, PR at I-14.

<sup>79</sup> Carus Response at 13.

<sup>80</sup> CR/PR at Table I-4.

<sup>81</sup> First Review Determination (Confidential Version) at 33-34.

<sup>82</sup> CR/PR at Table I-6; Table I-5; Table I-3.

<sup>83</sup> CR at I-25, PR at I-17.

<sup>84</sup> First Review Determination (Confidential Verison) at 34.

2003, Carus reports that Chinese producers have unused potassium permanganate production capacity of 28.4 million pounds,<sup>85</sup> which is \*\*\* more than total apparent U.S. consumption in 2003.<sup>86 87</sup>

The record also indicates that Chinese subject producers are highly export-oriented. Chinese exports of potassium permanganate to non-U.S. markets comprised \*\*\* percent of total Chinese shipments in 1997 and \*\*\* percent in 1998.<sup>88</sup> In 2003, Carus estimates that more than 60 percent of Chinese potassium permanganate was exported to non-U.S. markets.<sup>89</sup>

At the time of the original investigation, China produced only a technical/pharmaceutical grade that was imported into the United States and sold primarily to industrial users.<sup>90</sup> In the first five-year review, at least one large Chinese producer manufactured free-flowing grade, the most popular grade in the U.S. market.<sup>91</sup> Carus reports that Chinese producer Groupstars recently indicated to European producers that it is able to supply free-flowing potassium permanganate.<sup>92</sup> The capability to supply free-flowing grade to the U.S. market enhances the ability of the Chinese producers to compete in the U.S. market.

Other factors create additional incentives for Chinese producers to shift exports to the U.S. market if the U.S. antidumping duty order on imports from China were removed. According to the record, the U.S. market commands higher prices for potassium permanganate than other export markets.<sup>93</sup> The record further shows that Chinese subject producers continue to view the United States as an attractive market. In the first five-year review, the two responding Chinese producers indicated that if the order on imports from China were revoked, they would increase or resume exports of potassium permanganate to the United States.<sup>94</sup> Moreover, the dramatic increase of Chinese imports in 2001-2002, when Groupstars had new shipper status, demonstrates Chinese producers' continued interest in the U.S. market.<sup>95</sup>

Finally, the record indicates that both the recently expanded European Union and India have antidumping orders on imports of potassium permanganate from China,<sup>96</sup> providing further incentive for Chinese producers to resume shipping potassium permanganate to the U.S. market if the order were revoked.

Accordingly, based on the available information in this review, we conclude that the likely volume of imports of the subject merchandise, both in absolute terms and relative to production and consumption in the United States, would be significant absent the restraining effect of the antidumping duty order.

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<sup>85</sup> CR at I-25, PR at I-17.

<sup>86</sup> CR/PR at Table I-5.

<sup>87</sup> We note that there is no information on the record regarding the level of inventories of subject merchandise in China or the United States.

<sup>88</sup> First Review (Confidential Version) at 34.

<sup>89</sup> Carus Response at Attachment 10.

<sup>90</sup> First Review at 21-22.

<sup>91</sup> First Review at 22.

<sup>92</sup> Carus Response at 21.

<sup>93</sup> First Review Determination at 23, n.152; Carus Response at 33.

<sup>94</sup> First Review Determination at 22.

<sup>95</sup> CR at I-19-20, PR at I-14.

<sup>96</sup> CR at I-26-27, PR at I-18-19.

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

In evaluating the likely price effects of subject imports if the antidumping order is revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products 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>97</sup>

In the original determination, the Commission found significant underselling and price suppression caused by dumped imports from China.<sup>98</sup> The Commission also found that the domestic producer had lost sales and revenues due to low-priced imports from China.<sup>99</sup>

In the first review, the Commission found that subject imports from China would likely enter the United States at prices that would have a significant depressing or suppressing price effect if the order were revoked.<sup>100</sup> In so doing, it observed that in the original investigation, the Commission determined that there was significant underselling and price suppression by dumped imports from China and that the domestic producer had lost sales and revenues due to low-priced subject imports.<sup>101</sup> The Commission also found potassium permanganate is a commodity product sold in a price sensitive market.<sup>102</sup> Given that the record indicated that U.S. prices were substantially higher than those in other markets, the Commission found Chinese producers would have an incentive to price their product substantially below the U.S. price in order to induce U.S. purchasers to switch from the domestic to the Chinese product.<sup>103</sup>

The record in this expedited review contains a limited amount of pricing data. Average unit values for potassium permanganate for the subject merchandise have been consistently lower than average unit values for the domestic like product. Average unit values for the subject merchandise were \$0.55 in 1982, \$0.83 during 1997/1998, and \$0.66 during 2002/2003; average unit values for the U.S. product were \$\*\*\* in 1982, \$\*\*\* during 1997/1998, and \$\*\*\* during 2002/2003.<sup>104</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>105</sup> As such, Chinese producers would have an incentive to price their product significantly below the prevailing U.S. price in

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<sup>97</sup> 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>98</sup> In the original investigation, imports of potassium permanganate from China undersold the domestic product in every quarter for which data were available, by margins ranging from \*\*\* percent to \*\*\* percent. Original Confidential Commission Report at A-56 & Table 19.

<sup>99</sup> Original Determination at 10-11.

<sup>100</sup> First Review Determination at 23.

<sup>101</sup> First Review Determination at 23.

<sup>102</sup> First Review Determination at 23.

<sup>103</sup> First Review Determination at 23.

<sup>104</sup> CR at I-16, PR at I-12.

<sup>105</sup> In the first five-year review, the Commission noted that Chinese exports of potassium permanganate to other markets had an average unit value of \$0.507 per pound in 1997 and \$0.454 per pound in 1998. It further noted that average unit values for Chinese exports of potassium permanganate to Canada, the largest western market for potassium permanganate from China, were \$0.498 per pound in 1997 and \$0.518 per pound in 1998. First Review at 23, n.152. The record in this second review indicates that average unit values for Chinese exports to Canada continued to be lower than the average unit values for the U.S. product. Carus Response at 33.

order to induce U.S. purchasers to switch from domestic to Chinese potassium permanganate, as in the original investigation.<sup>106</sup>

We find it likely that the Chinese producers would again offer attractively low prices to U.S. purchasers in order to regain market share if the antidumping duty order were revoked. We base this finding on the behavior of Chinese producers during the period of the original investigation, as well as the limited information on the record regarding current prices for Chinese potassium permanganate in non-U.S. markets and the fact that antidumping measures have been imposed in other countries on imports from China. We find that this aggressive pricing indicates that if the antidumping duty order were revoked, Chinese producers would be likely to significantly undersell the domestic product in the U.S. market.

Accordingly, we conclude that potassium permanganate from China is likely to enter the United States at prices that would have a significant depressing or suppressing effect on prices for the domestic like product if the antidumping duty order is revoked.

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

In evaluating the likely impact of imports of subject merchandise if the antidumping duty order is revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>107</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.<sup>108</sup> 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 is revoked.

In its original determination, the Commission found 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>109</sup> As such, the Commission concluded that the domestic industry was materially injured by reason of imports of potassium permanganate from China.<sup>110</sup>

In the first five-year review, the Commission determined that subject imports from China would likely have a significant adverse impact if the order were revoked. The Commission observed that in the original determination, the Commission found 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,

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<sup>106</sup> Original Determination at 11.

<sup>107</sup> 19 U.S.C. § 1675a(a)(4).

<sup>108</sup> 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In the final results of its expedited sunset review of the antidumping order on China, Commerce determined that revocation of the order would likely lead to a continuation or recurrence of dumping at a China-wide weighted-average margin of 128.94 percent. 70 Vol. 24520 (May 10, 2005)

<sup>109</sup> Original Determination at 8-11.

<sup>110</sup> Original Determination at 8-11.

lost sales and revenues, and declines in employment.<sup>111</sup> The Commission also found that the condition of the domestic industry had improved substantially since the imposition of order.<sup>112</sup> Although the Commission did not find that the domestic industry was vulnerable given its strong gross profits, operating income and operating income margins, it found that the significant volume of low-priced subject imports would likely have a significant adverse impact on the production, shipment, sales, and revenue levels of the domestic industry if the order were revoked.<sup>113</sup> Thus, the Commission determined that the likely volume of low-priced imports from China would likely have a significant adverse impact on the domestic industry.<sup>114</sup>

Since the imposition of the antidumping duty order, the domestic industry's health has improved. In the first five-year review, Carus reported that it was operating at a high capacity utilization level with a large market share, that its production and shipments had increased since the original investigation, and that its gross profits, operating income and operating income margins were strong.<sup>115</sup>

The domestic industry argues that it is vulnerable to material injury if the order were revoked. Information on the record in this review is limited with respect to the condition of the domestic industry due to the expedited nature of the review, and the available information is mixed.<sup>116</sup> Carus continues to command a substantial market share.<sup>117</sup> Its production increased from \*\*\* pounds in 1998 to \*\*\* in 2003, despite a substantial decrease in apparent U.S. consumption for the same period. Domestic shipments are lower in both quantity and value than they were during first-five year review, but remain substantially higher than they were in the original investigation.<sup>118</sup> Carus reported strong gross profits, operating income and operating income margins in 2003, though lower than in 1998.<sup>119</sup> The record also indicates that Carus has been able to fund the research and development of new applications for potassium permanganate.<sup>120</sup> Thus, based on the record in this review, we find that the domestic industry is not vulnerable to material injury if the antidumping order on subject imports from China is revoked.<sup>121</sup>

However, as described above, the antidumping order clearly has had a restraining effect on the volume and market share of subject imports. Revocation of the order would likely lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. We also find that the volume and price effects of the subject imports would likely have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These reductions, in turn, would have a direct adverse impact on the industry's profitability as well as its ability to raise capital, make and maintain necessary capital investments, and fund research and development of new applications for potassium permanganate. Accordingly, we conclude that, if the antidumping order on subject imports from China were revoked,

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<sup>111</sup> First Review Determination at 24.

<sup>112</sup> First Review Determination at 24

<sup>113</sup> First Review Determination at 24.

<sup>114</sup> First Review Determination at 24.

<sup>115</sup> First Review (Confidential Verison) at 28.

<sup>116</sup> CR at Table I-3.

<sup>117</sup> CR/PR at Table I-5.

<sup>118</sup> CR/PR at Tables I-3 and I-5.

<sup>119</sup> CR/PR at Table I-3.

<sup>120</sup> CR at I-14, PR at I-11.

<sup>121</sup> Although the condition of the domestic industry has noticeably improved since imposition of the order on China, given the lack of complete data for many of the intervening years regarding the condition of the industry and the effect of imports in the U.S. market, it is difficult to assess the extent to which the improvement in the state of the industry is related to the order.

subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

### **CONCLUSION**

For the above-stated reasons, we determine that revocation of the antidumping 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.

**INFORMATION OBTAINED IN THE SECOND REVIEW**





## INTRODUCTION AND OVERVIEW

### Background

On October 1, 2004, the United States International Trade Commission (“Commission”) gave notice that it had instituted a second five-year review to determine whether revocation of the antidumping duty order on imports of potassium permanganate from China would be likely to lead to a continuation or recurrence of material injury within a reasonably foreseeable time.<sup>1</sup> On January 4, 2005, the Commission determined that the domestic interested party group response<sup>2</sup> to its notice of institution 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>3</sup> Accordingly, the Commission determined that it would conduct an expedited review pursuant to section 751(c)(3) of the Act. Information relating to the background of this review is presented in the tabulation below.<sup>4</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                   |
| October 1, 2004   | Commerce's initiation and Commission's institution of second five-year review  | 69 FR 58890 and 69 FR 58955   |
| January 4, 2005   | Commission's determination to conduct expedited second five-year review        | 70 FR 2428 (January 13, 2005) |
| January 27, 2005  | Postponement of Commerce's final results                                       | 70 FR 3904                    |
| February 8, 2005  | Commission's revised schedule  | 70 FR 6728                    |
| May 10, 2005      | Commerce's final results of expedited review                                   | 70 FR 24520                   |
| May 18, 2005      | Commission's vote  | NA                            |
| May 31, 2005      | Commission's determination transmitted to Commerce                             | NA                            |

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<sup>1</sup> All interested parties were invited to respond to the notice by submitting information requested by the Commission.

<sup>2</sup> The Commission received a response by Carus Chemical Co. (“Carus”), the sole domestic producer of potassium permanganate. The Commission also received submissions from Calciquest, Inc. (“Calciquest”), a purchaser of nonsubject potassium permanganate from Czechoslovakia and India, and from Specialty Products International, Inc. (“SPI”), the North American sales agent for a German firm that produces sodium permanganate, a downstream product of potassium permanganate. Although these firms are not interested parties in the current five-year reviews, each provided certain information in response to the Commission’s notice of institution. Calciquest and SPI are both in favor of the revocation of the antidumping duty order on potassium permanganate from China.

<sup>3</sup> A record of the Commissioners’ votes and the Commission’s statement on adequacy is available from the Office of the Secretary and at the Commission’s web site.

<sup>4</sup> Cited *Federal Register* notices since Commerce’s continuation of the order are presented in app. A. The Commission’s statement on adequacy is presented in app. B.

## **The Original Investigation and First Five-year Review**

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>5</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.<sup>6</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>7</sup>

## **Commerce’s Administrative and Five-year Reviews**

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/exporters. Since the antidumping duty order was issued in 1984, Commerce has conducted two contested administrative reviews (1989 and 1990) on potassium permanganate from China. In 1991, in an administrative review requested by Carus, Commerce established a new deposit rate of 128.94 percent for all Chinese producers of the subject merchandise. Since the 1999 sunset review three administrative reviews were conducted (1999, 2000, and 2001). The published results of the administrative reviews are shown in table I-1.

## **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 on the facts on May 10, 2005.<sup>8</sup> Commerce determined that revocation of the antidumping order would likely lead to continuation or recurrence of dumping, and Commerce has not issued a duty absorption determination with respect to this order. The final weighted-average dumping margin was set at 128.94 percent.

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<sup>5</sup> The investigations resulted from a petition filed on February 22, 1983, on behalf of the Carus Chemical Co. (“Carus”), alleging that an industry in the United States was materially injured by reason of imports from China and Spain of potassium permanganate.

<sup>6</sup> 49 FR 2277, 3897.

<sup>7</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>8</sup> . . . *Potassium Permanganate from The People’s Republic of China; Five-year (“Sunset”) Review of Antidumping Duty Order; Final Results* (70 FR 24520, May 10, 2005).

**Table I-1**

**Potassium permanganate: Commerce’s administrative and five-year reviews<sup>1</sup>**

| Company  | Period of review ( <i>Federal Register</i> reference) |                                       |                                       |                                       |                                       |
|--|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
|  | 1/1/89 -<br>12/31/89<br>(56 FR 19640)                 | 1/1/90 -<br>12/31/90<br>(59 FR 26625) | 1/1/99 -<br>12/31/99<br>(66 FR 46775) | 1/1/00 -<br>12/31/00<br>(67 FR 38254) | 1/1/01 -<br>12/31/01<br>(68 FR 51765) |
| <i>(Margin in percent)</i>   |   |                                       |                                       |                                       |                                       |
| Far Ocean Trading  | 128.94  | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Guizhou Provincial Chemicals<br>Import & Export Corporation  | ( <sup>2</sup> )                                      | ( <sup>3</sup> )                      | 107.32                                | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Go Up Company  | 39.53   | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Hip Fung Trading Company   | 39.53   | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| K L & Company  | 128.94  | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Landyet Company  | 128.94  | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Sam Wing International   | 128.94  | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Sinochem   | 128.94  | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Tin Sing Chemical Engineers  | 39.53   | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| Yue Pak Company  | 128.94  | ( <sup>2</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| All other manufacturers/exporters/<br>producers in China   | 128.94  | ( <sup>2</sup> )                      | 128.94                                | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      |
| All manufacturers/producers/<br>exporters in China   | ( <sup>3</sup> )                                      | 128.94                                | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | 128.94                                |
| Groupstar Chemical Co., Ltd.   | ( <sup>3</sup> )                                      | ( <sup>3</sup> )                      | ( <sup>3</sup> )                      | ( <sup>4</sup> )                      | 128.94                                |
| <sup>1</sup> Commerce rescinded the review (1/1/96 - 12/31/96 62 FR 52684) due to no entries of the subject merchandise during the period of review. Commerce rescinded the review (1/1/02 - 12/31/02 68 FR 58306) due to Carus withdrawing its review request and Groupstar not identifying the Chinese exporter to be reviewed.<br><sup>2</sup> 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.<br><sup>3</sup> Not applicable.<br><sup>4</sup> Commerce rescinded this new shipper review at the request of both the petitioner and respondent. |   |                                       |                                       |                                       |                                       |
| Source: Cited <i>Federal Register</i> notices.   |   |                                       |                                       |                                       |                                       |

**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. Customs and Border Protection (“Customs”) under the Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”), also known as the Byrd Amendment.<sup>9</sup> The sole U.S. producer, Carus, received such funds. Table I-2 presents Carus’ CDSOA claims and Customs’ disbursements for federal fiscal years 2002-04.

<sup>9</sup> 19 CFR 159.64(g).

**Table I-2**  
**Potassium permanganate: Carus' CDSOA claims and disbursements, federal fiscal years**  
**2002-04<sup>1</sup>**

| Year | Amount of claim filed <sup>2</sup> | Amount in clearing account <sup>3</sup> | Amount disbursed <sup>4</sup> |
|------|------------------------------------|---|-------------------------------|
|      | <i>Dollars</i>                     |   |                               |
| 2002 | 24,016,404                         | 479,177                                 | 13,655                        |
| 2003 | 29,012,496                         | 1,200,696                               | 131,992                       |
| 2004 | 35,207,493                         | ( <sup>5</sup> )                        | 302,302                       |

<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 *CDSOA Annual Reports*.  
<sup>3</sup> Amount of antidumping duty cash deposits and bonds on all unliquidated dumping duty entries as of October 1, as presented in Section III of Customs' *CDSOA Annual Reports*.  
<sup>4</sup> As presented in Section I of Customs' *CDSOA Annual Reports*.  
<sup>5</sup> Not applicable; none reported.

Source: U.S. Customs and Border Protection's *CDSOA Annual Reports*.

## THE PRODUCT

Commerce has defined the imports covered by the antidumping duty order as potassium permanganate, an inorganic chemical produced in free-flowing, technical, and pharmaceutical grades.<sup>10 11</sup> In its original 1984 determination and its first five-year full review determination, the Commission found that there was one domestic like product, potassium permanganate.<sup>12</sup> No domestic like product issues have been raised by either domestic or respondent 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.

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>13</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

<sup>10</sup> Retrieved from <http://web.ita.doc.gov/ia/SunCase.nsf/>, January 24, 2005.

<sup>11</sup> Since 1996, imports of potassium permanganate as defined by the scope of the order have been provided for in HTS subheading 2841.61.0000, with a column 1 rate of duty of 5 percent and a column 2 rate of duty of 23 percent. From 1989 through 1995, the HTS number was 2841.60.0010.

<sup>12</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.

<sup>13</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.

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>14</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>15</sup> According to Carus, in 1999, the production costs of the technical and the free-flowing grades were \*\*\*.<sup>16</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>17</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 reviews, potassium permanganate is used principally as an oxidizing agent in the following applications:<sup>18</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.
2. Wastewater treatment:
  - (a) Municipal—oxidizes organic and inorganic contaminants, removes toxic and corrosive hydrogen sulfide from sanitary sludge, deodorizes wastewater streams, and dewateres sludge; and
  - (b) Industrial—removes soluble iron and manganese from acid mine wastes, removes hydrogen sulfide from sludge, and dewateres sludge; controls phenol and other industrial pollutants.

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<sup>14</sup> *Id.*

<sup>15</sup> *Id.*, p. I-8.

<sup>16</sup> Confidential staff report, INV-W-216, September 20, 1999, p. I-13.

<sup>17</sup> *Id.*, p. I-14.

<sup>18</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, pp. I-8-I-9.

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>19</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>20</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>21</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 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, are 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>22</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

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<sup>19</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>20</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. I-9.

<sup>21</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).

<sup>22</sup> Confidential staff report, INV-W-216, September 20, 1999, p. I-17.

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>23</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--  
 $2K_2MnO_4 + 2H_2O \rightarrow 2KMnO_4 + 2KOH + H_2$ .
- Crystallization of the potassium permanganate out of the solution.

The production process used by Carus \*\*\*.<sup>24</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, 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>25</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

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<sup>23</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>24</sup> Confidential staff report, INV-W-216, September 20, 1999, p. I-18.

<sup>25</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. I-11.

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 largest, accounting for an estimated 28 percent of world consumption during 2003.<sup>26</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.

### **U.S. Demand**

Carus has asserted that there have been no material changes in key U.S. demand conditions for potassium permanganate since 1998.<sup>27</sup> The firm has reported that "(m)unicipal consumption for drinking and wastewater treatment remains the primary domestic use for potassium permanganate and still accounts for about three-quarters of current U.S. demand" and that today the municipal drinking and wastewater markets are relatively mature.<sup>28</sup> In the 1999-2003 period, Carus' sales into the drinking water market remained \*\*\* and its sales into the wastewater market \*\*\*, and the firm expects these trends to continue for the foreseeable future. In response to the limited growth potential for sales to municipalities, Carus reported research and development efforts to support the growth of other applications: aquaculture, metal processing, chemical processing, agrochemicals, and hazardous waste treatment. Carus cited the expanded use of the potassium permanganate to remove chlorinated ethenes from contaminated groundwater and soil; Carus' sales to this segment increased from \*\*\* pounds in 2000 to \*\*\* pounds in 2004.<sup>29</sup> The firm asserted that potassium permanganate is also recognized as a cutting edge, high

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<sup>26</sup> Carus' response to the Commission's notice of institution, November 22, 2004, p. 8 and attachment 10.

<sup>27</sup> *Id.*, p. 4.

<sup>28</sup> *Id.*, pp. 17-18.

<sup>29</sup> *Id.*, p. 39.



performance chemical in printed circuit board manufacturing. According to Carus, industrial applications account for about one-third of U.S. commercial shipments.<sup>30</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>31</sup>

Carus has reported that since the first five-year review, internet trading has “exploded,” particularly in the commodity chemicals sector. Carus argued that the increasing e-commerce in potassium permanganate “makes it much easier for a seller of PRC-origin potassium permanganate to find a U.S. buyer.”<sup>32</sup>

### **Trends in U.S. Supply and Demand**

Information gathered during this second five-year expedited review indicates that Carus may be gradually phasing out its U.S. production of potassium permanganate in favor of sodium permanganate.<sup>33</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>34</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>35</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 appears to be corroborated by bids reported on the Internet in which sodium permanganate together with potassium permanganate is used in wastewater treatment, a large-scale application.<sup>36</sup>

During the adequacy phase of this review, Specialty Products International, Inc. (“SPI”) asserted that “(s)odium permanganate and potassium permanganate perform identical functions in all applications and may be used with virtual interchangeability. Selection of one or the other is based upon a

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<sup>30</sup> *Id.*, pp. 38-39.

<sup>31</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. II-6.

<sup>32</sup> Carus’ response to the Commission’s notice of institution, November 22, 2004, p. 27 and attachment 20.

<sup>33</sup> DEA petition for the establishment of a separate harmonized code for sodium permanganate, August 17, 2004, p. 1 (presented in appendix C); 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>34</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>35</sup> Carus’ petition for a statistical break out and classification of sodium permanganate with a specific harmonized code, February 2, 2004.

<sup>36</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 <http://www.cityofreadingpa.com/finance/lib/finance/results/1013-04.pdf>.

combination of price and convenience.”<sup>37</sup> As a supplier of sodium permanganate from Germany, SPI indicated that major applications for which both products are used include soil remediation, water treatment, circuit board desmearing and jet engine parts cleaning.<sup>38</sup>

### 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>39</sup> During the first five-year review, limited pricing data were available because of extremely low import volumes in 1997 and 1998. Average unit values for periods during the original investigation, the first five-year review, and the current review are presented in the following tabulation:

| Item                  | 1982   | 1997/98 | 2002/03 |
|-----------------------|--------|---------|---------|
| U.S.-produced product | ***    | ***     | ***     |
| Imports from China    | \$0.55 | \$0.83  | \$0.66  |

## THE INDUSTRY IN THE UNITED STATES

### U.S. Producers

The sole U.S. manufacturer of potassium permanganate is Carus Chemical Co., located in Peru, IL. Carus is a division of the Carus Corp., 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 five-year review institution notice, are

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<sup>37</sup> SPI’s response to the Commission’s notice of institution, Novmeber 17, 2004.

<sup>38</sup> *Id.*

<sup>39</sup> *Potassium Permanganate from China and Spain*, Invs. Nos. 731-TA-125-126 (Review), USITC Pub. 3245, October 1999, p. 23.

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 declined when compared to 1998. Detailed employment data for the most recent period are not available.

**Table I-3**  
**Potassium permanganate: Trade, employment, and financial data, 1980-82, 1997-98, and 2003**

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## 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>40</sup> In response to the Commission's request in its notice of institution in this 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. It 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>41</sup>

Official import statistics for potassium permanganate are presented in table I-4 and figure I-1. 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 its subject product through Hong Kong resellers using the 39.53 percent rate. Commerce closed this in its May 1994 ruling in the 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 Groupstars Chemical Company, Ltd. ("Groupstars"), 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>42</sup> and there have been no recorded imports after that year.

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<sup>40</sup> *Potassium Permanganate from China and Spain*, Invs. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999), p. I-21.

<sup>41</sup> Carus' response to the Commission's notice of institution, November 22, 2004, pp. 26-27.

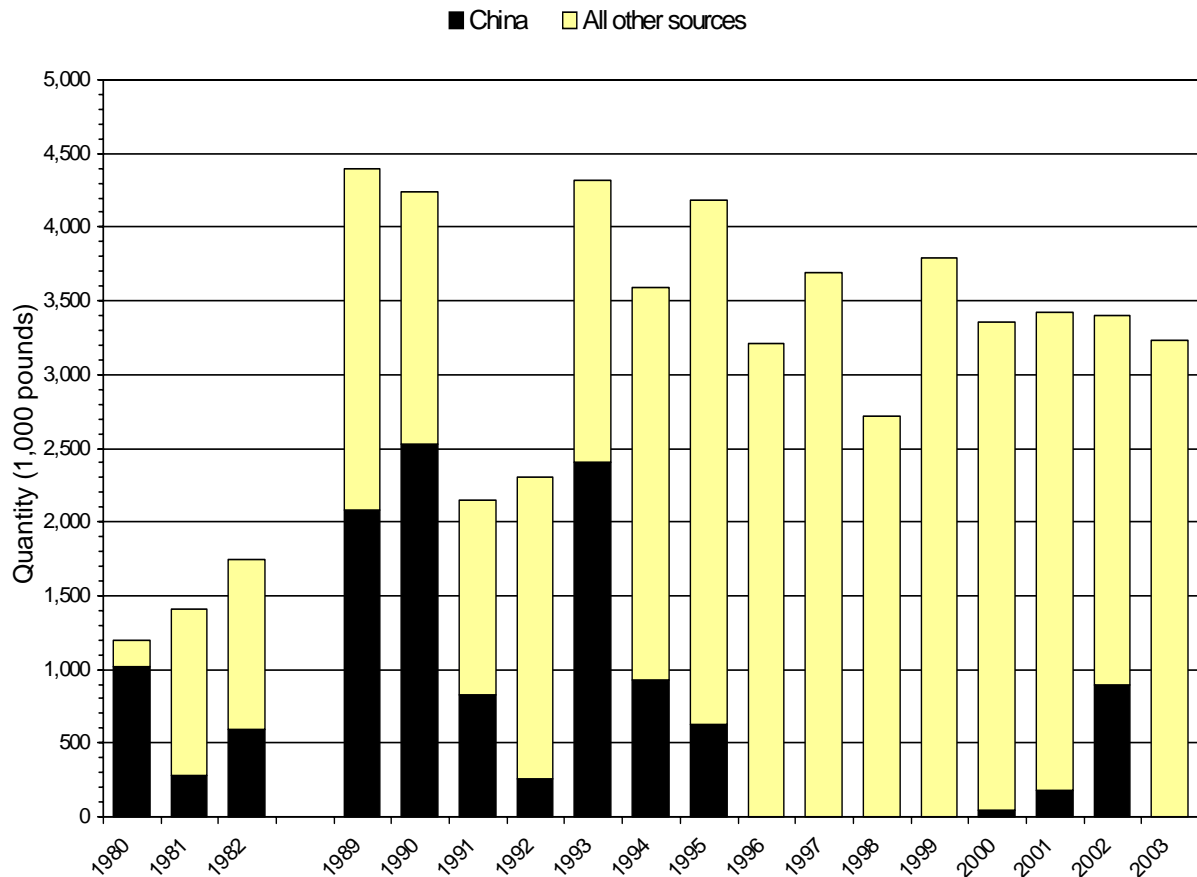
<sup>42</sup> *Id.*, pp. 13-14.

Table I-4

Potassium permanganate: U.S. imports, by sources, 1980-82, 1989-2003, January-November 2003, and January-November 2004

| Source  | Calendar year |        |        |        |        |        |        |        |        |        |        |                  |        |                  |        |        |        |                  | Jan.-Nov.        |                  |
|---|---------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|--------|------------------|--------|--------|--------|------------------|------------------|------------------|
|   | 1980          | 1981   | 1982   | 1989   | 1990   | 1991   | 1992   | 1993   | 1994   | 1995   | 1996   | 1997             | 1998   | 1999             | 2000   | 2001   | 2002   | 2003             | 2003             | 2004             |
| <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                | 0                | 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            | 3,055            | 2,294            |
| 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            | 3,055            | 2,294            |
| <b>Value (\$1,000)<sup>1</sup></b>                              |               |        |        |        |        |        |        |        |        |        |        |                  |        |                  |        |        |        |                  |                  |                  |
| China   | 695           | 183    | 323    | 1303.1 | 1383.1 | 424.29 | 144.96 | 1241.9 | 425.89 | 228.42 | 1.835  | 0                | 1.84   | 0                | 23.89  | 104.56 | 591.9  | 0                | 0                | 0                |
| All other   | 183           | 849    | 846    | 2434.9 | 1584.5 | 1301.2 | 1963.2 | 1820.1 | 2652.3 | 3072.8 | 3168.6 | 3570             | 2521.1 | 3237.3           | 3186.3 | 3193.7 | 2455   | 3174.1           | 2998.3           | 2335.2           |
| Total   | 878           | 1,032  | 1,169  | 3738.1 | 2967.6 | 1725.5 | 2108.1 | 3061.9 | 3078.2 | 3301.2 | 3170.4 | 3570             | 2522.9 | 3237.3           | 3210.2 | 3298.3 | 3046.9 | 3174.1           | 2998.3           | 2335.2           |
| <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> ) | 0.8346 | ( <sup>2</sup> ) | \$0.60 | \$0.59 | \$0.66 | ( <sup>2</sup> ) | ( <sup>2</sup> ) | ( <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           | \$0.98           | \$1.02           |
| 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             | 0.98             | 1.02             |
| <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              | 0.0              | 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            | 100.0            | 100.0            |
| Ave.  | 100.0         | 100    | 100    | 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   | 34.861 | 46.606 | 24.59  | 6.8763 | 40.558 | 13.836 | 6.9194 | 0.058  | 0                | 0.073  | 0                | 0.7442 | 3.17   | 19.426 | 0                | 0                | 0                |
| All other   | 20.8          | 82.3   | 72.4   | 65.139 | 53.394 | 75.41  | 93.124 | 59.442 | 86.164 | 93.081 | 99.942 | 100              | 99.927 | 100              | 99.256 | 96.83  | 80.574 | 100              | 100              | 100              |
| Ave.  | 100.0         | 100    | 100    | 100    | 100    | 100    | 100    | 100    | 100    | 100    | 100    | 100              | 100    | 100              | 100    | 100    | 100    | 100              | 100              | 100              |
| <sup>1</sup> Landed, duty-paid.<br><sup>2</sup> Not applicable. |               |        |        |        |        |        |        |        |        |        |        |                  |        |                  |        |        |        |                  |                  |                  |
| Source: Compiled from official Commerce statistics.             |               |        |        |        |        |        |        |        |        |        |        |                  |        |                  |        |        |        |                  |                  |                  |

**Figure I-1**  
**Potassium permanganate: U.S. imports, 1980-1982 and 1989-2003**



Source: Table I-4.

### 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 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. 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.

**Table I-5**  
**Potassium permanganate: U.S. apparent consumption and market shares, 1980-82, 1997-98, and 2003**

\* \* \* \* \*

### 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>43</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>44</sup> The Commission also reported that the number of potassium permanganate producers in China was unknown.

During the 1999 investigation, 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. During the current review, Carus identified 14 Chinese producers of potassium permanganate that may have exported the product to the United States since 1982.

Potassium permanganate manufacturing technology in China has 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 this chemical producer \*\*\*.

In its response in the current review, Carus indicated that China today accounts for over half of estimated world potassium permanganate production capacity, with an estimated 2003 production level of at least 48.7 million pounds. During the current review, Carus identified two Chinese producers of potassium permanganate, Guizhou Chemicals Import & Export Corp. (“Guizhou”), and Groupstars. 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 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.<sup>45</sup>

Capacity and production information for 2003 gathered in a market study of 10 Chinese producers of potassium permanganate was provided by Carus and is presented in table I-6. Carus argued that China has excess potassium permanganate capacity of 28.4 million pounds, which is substantially greater than U.S. market demand, and that China’s estimated production capacity is over four times internal demand in China. Moreover, Carus indicated that it is aware of plans to increase current potassium permanganate capacity in China by 60 percent thereby allegedly increasing pressure to export to the United States even at very low prices. Carus estimated that in 2003, over 60 percent of the potassium permanganate produced in China was exported compared to over 50 percent in 1997. The high percentage of potassium permanganate exported is, according to Carus, in part, due to the fact that China does not make heavy use of potassium permanganate in water treatment as in the United States. Moreover, Carus stated that the new potassium permanganate operations in China will incorporate

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<sup>43</sup> *Potassium Permanganate from China*, Inv. 731-TA-125 (Final), USITC Pub. 1480 (Jan. 1984), p. 15.

<sup>44</sup> *Potassium Permanganate from China and Spain*, Invs. 731-TA-125-126 (Review), USITC Pub. 3245 (Oct. 1999), p. I-12.

<sup>45</sup> Carus’ response to the Commission’s notice of institution, November 22, 2004, p. 27 and attachment 20.

technological improvements such as a new, patented three phase continuous oxidation process that may increase efficiency and another operation that will enable a Chinese producer, Groupstars, to supply free-flowing/anti-caking grade potassium permanganate, a grade preferred by many U.S. customers.<sup>46</sup>

**Table I-6**  
**Potassium permanganate: Capacity, production, and capacity utilization in China, 2003<sup>1</sup>**

| <b>Producers</b> | <b>Capacity<br/>(1,000 pounds)</b> | <b>Production<br/>(1,000 pounds)</b> | <b>Capacity<br/>utilization<br/>(percent)</b> | <b>Share of<br/>production<br/>(percent)</b> |
|------------------|------------------------------------|--------------------------------------|---|--|
| Chongqing        | 20,944                             | 13,228                               | 63.2  | 27.1   |
| Meixian          | 7,716                              | 6,614                                | 85.7  | 13.6   |
| Zunyi            | 6,614                              | 2,646                                | 40.0  | 5.4  |
| Shandong         | 5,512                              | 1,102                                | 20.0  | 2.3  |
| Groupstars       | 17,637                             | 11,464                               | 65.0  | 23.5   |
| Xiang Tan        | 2,205                              | 1,764                                | 80.0  | 3.6  |
| Shao Yang        | 5,512                              | 3,968                                | 72.0  | 8.1  |
| Jianshui Mining  | 6,614                              | 3,968                                | 60.0  | 8.1  |
| Dayu Chem        | 2,205                              | 2,205                                | 100.0   | 4.5  |
| Beijing          | 2,205                              | 1,764                                | 80.0  | 3.6  |
| <b>Total</b>     | <b>77,162</b>                      | <b>48,722</b>                        | <b>63.1</b>                                   | <b>100.0</b>                                 |

<sup>1</sup> Capacity and production figures for China are reportedly derived from anecdotal and other sources.

Source: Compiled from data provided by Carus' response to the Commission's notice of institution, November 22, 2004, attachment 10.

## THE WORLD MARKET

Carus provided estimates of world capacity, production, and consumption for 2003, 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 more than half of world production and 21 percent of consumption, and the United States accounted for 30 percent of production and 28 percent of consumption.

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<sup>46</sup> Carus' response to the Commission's notice of institution, November 22, 2004, p. 21.

Table I-7

**Potassium permanganate: World capacity, production, and consumption, 2003**

| Country                    | Capacity<br>(1,000<br>pounds) | Production<br>(1,000<br>pounds) | Capacity<br>utilization<br>(percent) | Share of<br>production<br>(percent) | Consumption<br>(1,000<br>pounds) | Share of<br>consumption<br>(percent) |
|----------------------------|-------------------------------|---------------------------------|--------------------------------------|-------------------------------------|----------------------------------|--------------------------------------|
| <b>Americas:</b>           |                               |                                 |                                      |                                     |                                  |                                      |
| United States <sup>1</sup> | 33,069                        | 25,904                          | 78.3                                 | 30.4                                | 23,149                           | 27.6                                 |
| Canada                     | 0                             | 0                               | ( <sup>2</sup> )                     | ( <sup>2</sup> )                    | 1,213                            | 1.4                                  |
| Mexico/S. America          | 0                             | 0                               | ( <sup>2</sup> )                     | ( <sup>2</sup> )                    | 1,984                            | 2.4                                  |
| Subtotal                   | 33,069                        | 25,904                          | 78.3                                 | 30.4                                | 26,345                           | 31.4                                 |
| <b>EU:</b>                 |                               |                                 |                                      |                                     |                                  |                                      |
| Spain                      | 8,818                         | 1,653                           | 18.8                                 | 1.9                                 | 7,496                            | 8.9                                  |
| CEE                        | 4,409                         | 3,968                           | 90.0                                 | 4.7                                 | 0                                | ( <sup>2</sup> )                     |
| Ukraine                    | 13,228                        | 0                               | ( <sup>2</sup> )                     | ( <sup>2</sup> )                    | 0                                | ( <sup>2</sup> )                     |
| Czech Republic             | 0                             | 0                               | ( <sup>2</sup> )                     | ( <sup>2</sup> )                    | 1,764                            | 2.1                                  |
| Subtotal                   | 26,455                        | 5,622                           | 21.3                                 | 6.6                                 | 9,259                            | 11.0                                 |
| <b>China</b>               | 77,162                        | 48,722                          | 63.1                                 | 57.3                                | 17,527                           | 20.9                                 |
| <b>India</b>               | 4,850                         | 4,850                           | 100.0                                | 5.7                                 | 5,181                            | 6.2                                  |
| <b>Japan</b>               | 0                             | 0                               | ( <sup>2</sup> )                     | ( <sup>2</sup> )                    | 3,086                            | 3.7                                  |
| <b>Rest of World</b>       | 0                             | 0                               | ( <sup>2</sup> )                     | ( <sup>2</sup> )                    | 22,487                           | 26.8                                 |
| <b>Total</b>               | 141,537                       | 85,098                          | 60.1                                 | 100.0                               | 83,886                           | 100.0                                |

<sup>1</sup> Carus' estimate of production in the United States in attachment 10 of its response to the notice of institution, differs from the \*\*\* pounds reported as Carus' 2003 production on p. 4 of the response.

<sup>2</sup> Not applicable.

Source: Compiled from data provided by Carus' response to the Commission's notice of institution, November 22, 2004, attachment 10.

### EU and Indian Antidumping Orders

The European Union continues to have an antidumping duty order in effect on imports of potassium permanganate from China, India, and Ukraine, and the import restrictions have been extended to apply to the ten countries in central and eastern Europe that acceded to the EU in May 2004. An 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, and is the current applicable duty. 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.



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



concurrently with this notice its notice of *Institution of Five-Year Review* which covers these same orders and suspended investigations.

**FOR FURTHER INFORMATION CONTACT:** Hilary Sadler, Esq., Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce at (202) 482-4340, or 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 19 CFR 351.218. 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) ("*Sunset Policy Bulletin*").

**Initiation of Reviews**

In accordance with 19 CFR 351.218(c), we are initiating the second sunset reviews of the following antidumping duty orders:

**DEPARTMENT OF COMMERCE**

**International Trade Administration**

**Initiation of Five-Year ("Sunset") Reviews**

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

**ACTION:** Notice of Initiation of Five-Year ("Sunset") Reviews.

**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 five-year ("sunset") reviews of certain antidumping duty orders. The International Trade Commission ("the Commission") is publishing

| DOC case No. | ITC case No. | Country                    | Product                           |
|--------------|--------------|----------------------------|-----------------------------------|
| A-588-811    | 731-TA-432   | Japan                      | Drafting Machines.                |
| C-351-504    | 701-TA-249   | Brazil                     | Heavy Iron Construction Castings. |
| A-351-503    | 731-TA-262   | Brazil                     | Iron Construction Castings.       |
| A-122-503    | 731-TA-263   | Canada                     | Iron Construction Castings.       |
| A-570-502    | 731-TA-265   | People's Republic of China | Iron Construction Castings.       |
| A-570-001    | 731-TA-125   | People's Republic of China | Potassium Permanganate.           |
| A-822-801    | 731-TA-340-B | Belarus                    | Solid Urea.                       |
| A-447-801    | 731-TA-340-C | Estonia                    | Solid Urea.                       |
| A-451-801    | 731-TA-340-D | Lithuania                  | Solid Urea.                       |
| A-485-801    | 731-TA-339   | Romania                    | Solid Urea.                       |
| A-821-801    | 731-TA-340-E | Russia                     | Solid Urea.                       |
| A-842-801    | 731-TA-340-F | Tajikistan                 | Solid Urea.                       |
| A-843-801    | 731-TA-340-G | Turkmenistan               | Solid Urea.                       |
| A-823-801    | 731-TA-340-H | Ukraine                    | Solid Urea.                       |
| A-844-801    | 731-TA-340-I | Uzbekistan                 | Solid Urea.                       |

**Filing Information**

As a courtesy, we are making information related to sunset proceedings, including copies of the Department's regulations regarding sunset reviews (19 CFR 351.218) and *Sunset Policy Bulletin*, the Department's schedule of sunset reviews, case history information (i.e., previous margins, duty absorption determinations, scope language, import volumes), and service lists available to the public on the Department's sunset 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. Also, we suggest that parties check the Department's sunset web site for any updates to the service list before filing any submissions. The Department will make additions to and/or deletions from the service list provided on the sunset web site based on notifications from parties and participation in these reviews. Specifically, the Department

will delete from the service list all parties that do not submit a substantive response to the notice of initiation.

Because deadlines in a sunset review are, in many instances, 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 the notice of initiation of the sunset review. 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 these sunset reviews must respond not later than 15 days after the date of publication in the **Federal Register** of the notice of initiation by filing a notice of intent to participate. 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 orders 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 the 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 International Trade 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: September 17, 2004.

**James J. Jochum,**

*Assistant Secretary for Import Administration.*

[FR Doc. 04-22129 Filed 9-30-04; 8:45 am]

**BILLING CODE 3510-DS-P**

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<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 for extension of that five-day deadline based upon a showing of good cause.

## INTERNATIONAL TRADE COMMISSION

[Investigation No. 731-TA-125 (Second 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 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 November 22, 2004. Comments on the adequacy of responses may be filed with the Commission by December 14, 2004. 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).

**EFFECTIVE DATE:** October 1, 2004.

**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

<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. 04-5-100, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

the 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 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). The Commission is now conducting a second 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 and its full five-year review determination, the Commission determined that there was one Domestic Like Product, potassium permanganate.

(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 and its full five-year review 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 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 reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, 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 November 22, 2004. 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 December 14, 2004. 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 if available) 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 1998.

(7) 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 2003 (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) The quantity and value of U.S. commercial shipments of the Domestic Like Product produced in your U.S. plant(s); and

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

(8) 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 2003 (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 or countervailing 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 and/or countervailing 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 and/or countervailing duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from the Subject Country.

(9) 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 2003 (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 or countervailing 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) 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.

(10) 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 1998, 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.

(11) (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.

By order of the Commission.

Issued: September 23, 2004.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 04-22132 Filed 9-30-04; 8:45 am]

**BILLING CODE 7020-02-P**

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**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).

**EFFECTIVE DATE:** January 4, 2005.

**FOR FURTHER INFORMATION CONTACT:** Fred Ruggles (202) 205-3187 or [fred.ruggles@usitc.gov](mailto:fred.ruggles@usitc.gov), 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 4, 2005, the Commission determined that the domestic interested party group response to its notice of institution (69 FR 58955, October 1, 2004) 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 January 31, 2005, and made

<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.

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 February 3, 2005 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 February 3, 2005. 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).

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: January 10, 2005.

By order of the Commission.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-738 Filed 1-12-05; 8:45 am]

**BILLING CODE 7020-02-P**

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

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation No. 731-TA-125 (Second 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.

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

[C-351-504, A-351-503, A-122-503, A-570-502, A-821-801, A-823-801, A-570-001]

**Iron Construction Castings From Brazil, Canada and China; Solid Urea From Russia and Ukraine; and Potassium Permanganate From China; Extension of Time Limits for the Final Results of Sunset Reviews of Countervailing and Antidumping Duty Orders**

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

**EFFECTIVE DATE:** January 27, 2005.

**FOR FURTHER INFORMATION CONTACT:** Martha Douthit, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-5050.

**Extension of Preliminary and Final Results of Reviews**

In accordance with section 751(c)(5)(B), the Department of Commerce ("the Department") may extend the period of time for making its determination by not more than 90 days, if it determines that the review is extraordinarily complicated. As set forth in 751(c)(5)(C)(v) of the Tariff Act of 1930, as amended ("the Act"), the Department may treat a sunset review as extraordinarily complicated if it is a review of a transition order, as is the case in these proceedings. Therefore, the Department has determined, pursuant to section 751(c)(5)(C)(v) of the Act, that the sunset reviews of the countervailing duty order on iron construction castings from Brazil and the antidumping duty orders on iron construction castings from Brazil, Canada and China; solid urea from Russia and Ukraine; and potassium permanganate from China, are extraordinarily complicated and require additional time for the Department to complete its analysis. The Department's final results of these sunset reviews were originally scheduled for January 31, 2005. The Department will extend the deadlines in this proceedings and, as a result, intends to issue the final results of the sunset reviews on iron construction castings from Brazil, Canada and China; solid urea from Russia and Ukraine; and potassium permanganate from China on or about March 31, 2005, in accordance with section 751(c)(5)(B).

Dated: January 19, 2005.

**Gary Taverman,**

*Acting Deputy Assistant Secretary for Import Administration.*

[FR Doc. E5-313 Filed 1-26-05; 8:45 am]

**BILLING CODE 3510-DS-P**



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**INTERNATIONAL TRADE  
COMMISSION**

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

**Potassium Permanganate From China**

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

**ACTION:** Revised schedule for the subject review.

**DATES:** February 1, 2005.

**FOR FURTHER INFORMATION CONTACT:** Fred Ruggles (202-205-3187 or [fred.ruggles@usitc.gov](mailto:fred.ruggles@usitc.gov)), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** On January 4, 2005, the Commission established a schedule for the conduct of the subject expedited five-year review (70 FR 2428, January 13, 2005). Subsequently, on January 27, 2005, the Department of Commerce (Commerce) determined that its review is extraordinarily complicated and extended the time limit for its final results in the expedited five-year review from January 31, 2005, to not later than March 31, 2005 (70 FR 3904). The Commission, therefore, has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B)<sup>1</sup> and is revising its schedule to reflect Commerce's extension of the time limit for the final results of its expedited sunset review.

As provided for in the Commission's original scheduling notice (70 FR 2428, January 13, 2005), final party comments concerning Commerce's final results of its expedited sunset review are due three business days after the issuance of Commerce's results.

For further information concerning this expedited review see the Commission's notice cited above and the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and C (19 CFR part 207).

**Authority:** This 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.

By order of the Commission.

Issued: February 2, 2005.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-2321 Filed 2-7-05; 8:45 am]

**BILLING CODE 7020-02-P**

<sup>1</sup> As a transition order five-year review, the subject review is extraordinarily complicated pursuant to section 751(c)(5)(C) of the Tariff Act of 1930.

Dated: May 3, 2005.

**DEPARTMENT OF COMMERCE**

**International Trade Administration**

(A-570-001)

**Potassium Permanganate from The People's Republic of China; Five-year "Sunset" Review of Antidumping Duty Order; Final Results**

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

**SUMMARY:** On October 1, 2004, the Department of Commerce ("the Department") initiated a sunset review of the antidumping duty order on potassium permanganate from the People's Republic of China ("PRC"), pursuant to section 751(c) of the Tariff Act of 1930, as amended, ("the Act"). On the basis of the notice of intent to participate, and an adequate substantive response filed on behalf of the domestic interested parties and an inadequate response from respondent interested parties, the Department conducted an expedited sunset review. As a result of this review, the Department finds that revocation of the antidumping duty order would likely lead to continuation or recurrence of dumping at the levels listed below in the section entitled "Final Results of Review."

**EFFECTIVE DATE:** May 10, 2005.

**FOR FURTHER INFORMATION CONTACT:** Martha V. Douthit, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC, 20230; telephone: (202) 482-5050.

**SUPPLEMENTARY INFORMATION:**

**Background**

On October 1, 2004, the Department initiated a sunset review of the antidumping duty order of potassium permanganate from the PRC. See Initiation of Five-year Sunset Review, 69 FR 58890 (October 1, 2004). The Department received a Notice of Intent to Participate from a domestic interested party, Carus Chemical Company ("Carus"), within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations. Carus claimed interested party status as a domestic producer of the subject merchandise as defined in section 771(9)(C) of the Act.

On May 3, 2004, the Department received a complete substantive response from Carus within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. The Department determined that the respondent interested party response was inadequate. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C) of the Department's regulations, the Department conducted an expedited sunset review of this antidumping duty order.

**Scope of the Order**

Imports covered by this 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 numbers are provided for convenience and customs purposes. The written description remains dispositive.

**Analysis of Comments Received**

All issues raised in this case are addressed in the "Issues and Decision Memorandum" ("Decision Memorandum") from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated May 2, 2005, 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 margin likely to prevail if the order were revoked. Parties can find a complete discussion of all issues raised in this sunset review and the corresponding recommendations in this public memorandum, which is on file in room B-099 of the main Department Building.

In addition, a complete version of the Decision Memorandum can be accessed directly on the Web at <http://ia.ita.doc.gov/frn>, under the heading "May 2005". The paper copy and electronic version of the Decision Memorandum are identical in content.

**Final Results of Review**

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

| Manufacturers/<br>Exporters/Producers | Weighted-Average<br>Margin (Percent) |
|---------------------------------------|--------------------------------------|
| PRC-wide rate .....                   | 128.94                               |

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

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

Dated: May 2, 2005

**Joseph A. Spetrini,**

*Acting Assistant Secretary for Import Administration.*

[FR Doc. E5-2292 Filed 5-9-05; 8:45 am]

**BILLING CODE 3510-DS-S**





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



## EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY

in

*Potassium Permanganate from China*  
Inv. Nos. 731-TA-125 (Second Review)

On January 4, 2005, the Commission determined that it should proceed to an expedited review in the subject five-year review pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(3)(B).

The Commission determined that the domestic interested party group response to the notice of institution was adequate. The Commission received a single response from Carus Chemical Company, the sole domestic producer of potassium permanganate. Because the Commission received an adequate response from the sole domestic producer accounting for one hundred percent of U.S. production, the Commission determined that the domestic interested party response was adequate.

The Commission did not receive a response from any respondent interested party,<sup>1</sup> and therefore determined that the respondent interested party group response to the notice of institution was inadequate. In the absence of adequate respondent interested party group responses, and any other circumstances that it deemed warranted proceeding to a full review,<sup>2</sup> the Commission determined to conduct an expedited review. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (<http://www.usitc.gov>).

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<sup>1</sup> The Commission received a response to the notice of institution from two firms, Calciquest, Inc. ("Calciquest") and Specialty Products International, Inc. ("SPI"), which are not respondent interested parties.

<sup>2</sup> The Commission considered the information submitted by Calciquest and SPI with respect to whether or not other circumstances warranted proceeding to a full review.



**APPENDIX C**

**DEA REQUEST FOR SEPARATE TARIFF CLASSIFICATION FOR  
SODIUM PERMANGANATE**





U. S. Department of Justice  
Drug Enforcement Administration

[www.dea.gov](http://www.dea.gov)

Washington, D.C. 20537

**AUG 17 2004**

Mr. Eugene Rosengarden  
Office of Tariff Affairs and Trade Agreements  
United States International Trade Commission  
500 East Street S.W.  
Washington, D.C. 20436

Dear Mr. Rosengarden:

The Drug Enforcement Administration (DEA) is petitioning your agency to establish a separate harmonized code for sodium permanganate. Sodium permanganate is a substitute chemical for potassium permanganate, an oxidizing agent used in the production of cocaine.

Currently, under the category "Manganates, Manganites and permanganates," potassium permanganate has a specific harmonized code of "2841.61.0000". Sodium permanganate, along with all other "Manganates, Manganites and permanganates", is classified as "other" and has a harmonized code of "2841.69.0000." Our petition is to classify sodium permanganate with a specific harmonized code to assist in monitoring international trade of this chemical.

The United Nations, in conjunction with the European Commission and DEA, sponsored an international meeting on potassium permanganate in Madrid, Spain, in 1999. The purpose was to launch an international precursor chemical control initiative, Operation Purple. Operation Purple is aimed at preventing the diversion of potassium permanganate to the cocaine producing Andean Region of Latin America. Since its inception, Operation Purple has met with positive results. The success of this initiative has been documented by several indicia, including a decrease in availability of potassium permanganate to cocaine traffickers and the shifting trade patterns that have emerged since Operation Purple has been in existence.

We have recently learned from the major U.S. manufacturer of potassium permanganate that they are phasing out production of potassium permanganate in favor of sodium permanganate. Sodium permanganate is commercially sold in the form of a solution and the most common form imported or exported is a 40 percent solution. Until recently, the volume of sodium permanganate produced and traded had been limited compared to the volume of potassium permanganate. Due to the direct substitutability of sodium permanganate in the processing of cocaine, DEA has growing concerns regarding the potential for diversion of sodium permanganate.

Mr. Eugene Rosengarden

Page Two

Drug traffickers have proven adept at finding readily available substitute chemicals that replace the primary chemical used to produce illicit drugs. Sodium permanganate produces an aesthetically pleasing end product very similar to the cocaine produced using potassium permanganate and, we believe, would be sought by traffickers as a substitute for potassium permanganate. Based upon the foregoing, there is an urgent need to monitor sodium permanganate commerce.

Since the trade involving sodium permanganate is substantial, and of concern to the DEA, we request that consideration be given to classifying sodium permanganate with a specific harmonized code so that we may be better able to identify diversion of this product. If additional information or clarification is required, please contact Scott Collier, Chief of the Chemical Control Section, via e-mail at [scott.collier@usdoj.gov](mailto:scott.collier@usdoj.gov) or at (202) 307-7204.

Sincerely,



William J. Walker  
Deputy Assistant Administrator  
Office of Diversion Control