



A-570-836

CCR (Salvi Chemical Industries Limited)

**Public Document**

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August 7, 2017

MEMORANDUM TO: Carole Showers  
Executive Director, Office of Policy  
performing the duties of  
Deputy Assistant Secretary for Enforcement and Compliance

FROM: James Maeder  
Senior Director  
performing the duties of Deputy Assistant Secretary  
for Antidumping and Countervailing Duty Operations

SUBJECT: Decision Memorandum for the Preliminary Results of the  
Antidumping Duty Changed Circumstances Review of Glycine  
from the People's Republic of China

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## I. Summary

Salvi Chemical Industries Ltd. (Salvi) requested that the Department of Commerce (the Department) initiate a changed circumstances review (CCR) of the antidumping duty order on glycine from the People's Republic of China (PRC). Salvi requested that the Department determine that the glycine produced by Salvi is no longer processed from Chinese-origin glycine. Additionally, Salvi requested that the Department determine that importers of glycine from Salvi are eligible to participate in a certification process established in the *Circumvention Notice* and Final Scope Ruling.<sup>1</sup> We preliminarily determine that, since the *Circumvention Notice* and Final Scope Rulings were issued, Salvi has demonstrated that glycine produced by it is no longer processed from Chinese-origin glycine.

If the Department upholds these preliminary results in the final results, we will notify U.S. Customs and Border Protection and allow Salvi's importers of subject merchandise to certify that the glycine being produced and exported is not processed Chinese-origin glycine.

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<sup>1</sup> See *Glycine from the People's Republic of China: Final Partial Affirmative Determination of Circumvention of the Antidumping Duty Order*, 77 FR 73426 (December 10, 2012) (*Circumvention Notice*) and accompanying Issues and Decision Memorandum (IDM) for the Final Determination of the Anti-Circumvention Inquiry of the Antidumping Duty Order on Glycine from the People's Republic of China and Memorandum to, "Final Scope Ruling Concerning the Antidumping Duty Order on Glycine from the People's Republic of China," dated December 3, 2012 (Final Scope Ruling).



## II. Background

On December 10, 2012, the Department published its final anti-circumvention inquiry determination, where the record indicated that Salvi was processing Chinese-origin glycine and labeling it to be of Indian origin.<sup>2</sup> The Department determined that glycine processed in India of Chinese-origin does not change country of origin, and, therefore, Salvi had circumvented the *Order*.<sup>3</sup> As part of our anti-circumvention determination, we stated that Salvi could not take part in a certification process, whereby Salvi's importers could certify that they had not imported Chinese-origin glycine and, thus, not be subject to the antidumping duty rate for Chinese glycine.<sup>4</sup> However, we stated that Salvi could request an administrative review or a CCR to show that it is no longer processing and exporting Chinese-origin glycine from India.<sup>5</sup> If the Department determined that Salvi was exporting glycine produced using raw materials from India, importers of Salvi's product could participate in the certification process and certify that the glycine being produced and exported is not processed using Chinese-origin glycine.

On July 18, 2016, the Department received a request from Salvi to initiate a CCR in order for the Department to determine that the glycine produced by Salvi is no longer processed from Chinese-origin glycine.<sup>6</sup> Additionally, Salvi requested that the Department determine that importers of glycine from Salvi are eligible to participate in a certification process.<sup>7</sup> On October 20, 2016, we published our final results in the underlying 2014-2015 administrative review.<sup>8</sup> On November 16, 2017, the Department initiated this CCR,<sup>9</sup> pursuant to section 751(b)(1) of the Tariff Act of 1930, as amended (the Act) and 19 CFR 351.216(d), upon finding that there is sufficient information to warrant a review.

Since the initiation, we have issued Salvi supplemental questionnaires in which we requested additional information to make our preliminary finding. In accordance with 19 CFR 351.302(b), the Department extended the deadline of the final results of this CCR to November 3, 2017.<sup>10</sup>

## III. Scope of the Order

The product covered by this antidumping duty order is glycine, which is a free-flowing crystalline material, like salt or sugar. Glycine is produced at varying levels of purity and is used as a sweetener/taste enhancer, a buffering agent, reabsorbable amino acid, chemical intermediate,

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<sup>2</sup> See Final Scope Ruling at 14.

<sup>3</sup> See *Circumvention Notice*; see also Final Scope Ruling.

<sup>4</sup> *Id.*

<sup>5</sup> See Final Scope Ruling at 13; see also IDM accompanying *Circumvention Notice*, at 16.

<sup>6</sup> See Letter, "Glycine from the People's Republic of China: Request for Changed Circumstances Review," dated July 18, 2016 (*Changed Circumstances Request*).

<sup>7</sup> *Id.*

<sup>8</sup> See *Glycine from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2014-2015*, 81 FR 72567 (October 20, 2016) (*2014/2015 Final Results*) and accompanying Preliminary Decision Memorandum.

<sup>9</sup> See *Glycine from the People's Republic of China: Initiation of Antidumping Duty Changed Circumstances Review*, 81 FR 81064 (November 17, 2016).

<sup>10</sup> See Memorandum, "Glycine from the People's Republic of China: Extension of Deadline for Final Results of Changed Circumstances Review," dated August 4, 2017.

and a metal complexing agent. This proceeding includes glycine of all purity levels. Glycine is currently classified under subheading 2922.49.4020 of the Harmonized Tariff Schedule of the United States (HTSUS).<sup>11</sup> Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the merchandise under the order is dispositive.<sup>12</sup>

#### **IV. Preliminary Results of the Changed Circumstances Review**

During the recently completed 2014-2015 administrative review, domestic interested party, GEO Specialty Chemicals, Inc. (GEO), requested a review of four Indian companies, including Salvi and its exporter Nutracare International (Nutracare).<sup>13</sup> GEO argued that Salvi and/or Nutracare shipped Chinese-origin glycine during the period of review.<sup>14</sup> To address GEO's claims, the Department issued supplemental questionnaires to Salvi and Nutracare requesting specific information about the equipment, production, amount of materials used at each stage, major inputs and their suppliers, purchase orders, invoices, and other supporting documentation. Nutracare and Salvi provided such documentation, which supported their claims that Salvi produced glycine, the inputs to produce the glycine were purchased from Indian suppliers, and the glycine Salvi and Nutracare shipped was, therefore, of Indian-origin.

Also during the review, in August 2016, we conducted a verification in India of Salvi and Nutracare.<sup>15</sup> We confirmed that Salvi owns facilities that are producing glycine of Indian-origin. Additionally, we determined that there was no evidence that Salvi was using Chinese-origin raw materials in its glycine production. Specifically, we stated:

During the verification, we gathered evidence showing that Salvi owns and operates a full manufacturing facility with equipment necessary to produce glycine from raw materials. The Department also toured the research and development department, the storage facility, and observed the purification process. Additionally, we reviewed Salvi's production records, which indicated that the glycine that Salvi sold to Nutracare, and which Nutracare exported to the United States during the POR, was produced entirely in India from raw materials sourced in India.<sup>16</sup>

In the 2014/2015 *Final Results*, we also stated:

Although, as noted by GEO, Salvi had issues with its record keeping, the purpose

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<sup>11</sup> In separate scope rulings, the Department determined that: (a) D(-) Phenylglycine Ethyl Dane Salt is outside the scope of the order and (b) PRC-glycine exported from India remains the same class or kind of merchandise as the PRC-origin glycine imported into India. See *Notice of Scope Rulings*, 62 FR 62288 (November 21, 1997) and *Circumvention Notice*, respectively.

<sup>12</sup> See *Order*.

<sup>13</sup> See *Changed Circumstances Request*.

<sup>14</sup> See Letter, "Glycine from the People's Republic of China: GEO's Comments Regarding Salvi's September 26, 2016 Response to the Department's September 9, 2016 Questionnaire," dated October 6, 2016 (GEO Questionnaire Comments) at 2.

<sup>15</sup> See Memorandum, "Verification of the Questionnaire Responses of Salvi Chemical Industries Ltd. in the Antidumping Duty Review of Glycine from the People's Republic of China," dated August 19, 2016.

<sup>16</sup> See 2014/2015 *Final Results* at 10.

of the verification was to determine whether the glycine that Nutracare shipped during the {period of review}, and which Salvi produced, was Indian-origin glycine. There was no evidence at verification that the Salvi purchased technical grade glycine from the PRC that was merely purified in India, or that any of the raw materials necessary for the production of glycine were sourced from the PRC. As a result of our verification of Salvi, we conclude that Salvi produced Indian-origin glycine from Indian-origin raw materials.<sup>17</sup>

Additionally, documentation on the record of this CCR, including invoices from input suppliers, certificates of analysis, and the India Central Excise Register, show that Salvi used only raw materials sourced in India for its production of glycine.<sup>18</sup> No record documentation shows that Salvi is continuing to use Chinese-origin inputs.

Recommendation

Based on our recent verification of Salvi and Nutracare, and our determination that neither Salvi nor Nutracare shipped Chinese-origin glycine during the 2014-2015 review, in addition to the record evidence gathered during this proceeding, we recommend finding that Salvi is producing glycine from Indian-origin raw materials, and should be permitted, along with its exporter, Nutracare, to participate in the certification program.

Agree

Disagree

8/7/2017

X 

Signed by: CAROLE SHOWERS

Carole Showers  
Executive Director, Office of Policy  
performing the duties of  
Deputy Assistant Secretary for Enforcement and Compliance

<sup>17</sup> *Id.*

<sup>18</sup> See Letter, "Glycine from the People's Republic of China: Changed Circumstances Review Response," dated September 26, 2016 (Salvi Questionnaire Response) at attachment 2-7; see also Letter, "Glycine from the Peoples Republic of China: Response to CCR Supplemental Questionnaire," dated January 27, 2017 (Salvi Supplemental Questionnaire Response) at 2 and exhibit 5.