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DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

A-588-870

Chlorinated Isocyanurates from Japan: Final Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (“the Department”) determines that chlorinated isocyanurates (“chlorinated isos”) from Japan is being, or is likely to be, sold in the United States at less than fair value (“LTFV”), as provided in section 733(b) of the Tariff Act of 1930, as amended (“the Act”). The final weighted-average dumping margins are listed below in the section entitled “Final Determination Margins.”

EFFECTIVE DATE: (Insert date of publication in the *Federal Register*.)

FOR FURTHER INFORMATION: Julia Hancock or Jerry Huang, AD/CVD Operations, Office V, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1394 or (202) 482-4047, respectively.

SUPPLEMENTARY INFORMATION:

Background

On April 24, 2014, the Department published in the *Federal Register* the preliminary determination of sales at LTFV in the antidumping duty investigation of chlorinated isos from Japan.¹ The following events occurred since we issued the *Preliminary Determination*.

¹ See *Chlorinated Isocyanurates from Japan: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination* 79 FR 22800 (April 24, 2014) (“*Preliminary Determination*”).

We issued supplemental sales and cost questionnaires to Nankai Chemical Co., Ltd. (“Nankai”) between April 16 and April 30, 2014. On April 24, 2014, and May 6, 2014, Nankai submitted its supplemental questionnaire responses. On May 9, 2014, Nankai submitted a letter notifying the Department that it was withdrawing from further participation in this investigation.²

We issued supplemental sales and cost questionnaires to Shikoku Chemicals Corporation (“Shikoku”) and its U.S. affiliate, Shikoku International Corporation (“SIC”), between April 16 through May 14, 2014. On April 17, 2014, May 8, 2014, and May 14, 2014, Shikoku submitted its supplemental questionnaire responses. On May 23, 2014, Shikoku requested that the Department hold a public hearing. On July 30, 2014, Shikoku withdrew its request.

On May 15, 2014, Clearon Corp. and Occidental Chemical Corporation (collectively “Petitioners”) submitted pre-verification comments on Shikoku. The Department conducted the cost verification of Shikoku from May 19-23, 2014. Additionally, the Department conducted the home market sales verification of Shikoku from May 26-29, 2014, and the U.S. sales verification of SIC from June 9-10, 2014.

On June 20, 2014, the Department issued the cost verification report of Shikoku.³ On June 30, 2014, the Department requested Shikoku to submit revised home market and U.S. sales databases based on the minor corrections submitted at verification. On July 9, 2014, Shikoku submitted revised home market and U.S. sales databases. On July 11, 2014, the Department

² See Letter to the Secretary of Commerce from Nankai Chemical Co., Ltd., Re: Chlorinated Isocyanurates from Japan: Withdrawal from Participation in the Investigation (May 9, 2014) (“Nankai’s Withdrawal Letter”).

³ See Memorandum to the File, through Neal Halper, Director, Office of Accounting, from Ernest Z. Gziryan and Peter Scholl, Accountants, Subject: Verification of the Cost of Production and Constructed Value Data Submitted by Shikoku Chemicals Corporation in the Antidumping Duty Investigation of Chlorinated Isocyanurates (Chlorinated Isos) from Japan, (June 20, 2014) (“Shikoku Cost Verification Report”).

issued the home market sales verification report for Shikoku and the U.S. sales verification report for SIC.⁴

On July 11, 2014, the Department notified interested parties of the case brief and rebuttal brief schedule. On July 18, 2014, Petitioners and Shikoku submitted case briefs. On July 23, 2014, Petitioners and Shikoku submitted rebuttal briefs.

Period of Investigation

The period of investigation is July 1, 2012, through June 30, 2013.

Scope of the Investigation

The products covered by this investigation are chlorinated isocyanurates. Chlorinated isocyanurates are derivatives of cyanuric acid, described as chlorinated s-triazine triones. There are three primary chemical compositions of chlorinated isocyanurates: (1) trichloroisocyanuric acid (“TCCA”) ($\text{Cl}_3(\text{NCO})_3$), (2) sodium dichloroisocyanurate (dihydrate) ($\text{NaCl}_2(\text{NCO})_3 \times 2\text{H}_2\text{O}$), and (3) sodium dichloroisocyanurate (anhydrous) ($\text{NaCl}_2(\text{NCO})_3$). Chlorinated isocyanurates are available in powder, granular and solid (*e.g.*, tablet or stick) forms.

Chlorinated isocyanurates are currently classifiable under subheadings 2933.69.6015, 2933.69.6021, 2933.69.6050, 3808.50.4000, 3808.94.5000, and 3808.99.9500 of the Harmonized Tariff Schedule of the United States (“HTSUS”). The tariff classification 2933.69.6015 covers sodium dichloroisocyanurates (anhydrous and dihydrate forms) and trichloroisocyanuric acid. The tariff classifications 2933.69.6021 and 2933.69.6050 represent basket categories that include chlorinated isocyanurates and other compounds including an unfused triazine ring. The tariff

⁴ See Memorandum to the File, through Scot T. Fullerton, Program Manager, Office V, from Julia Hancock, Jerry Huang, and Justin Becker, Analysts, Subject: Verification of Home Market Sales of Shikoku Chemicals Corporation (“Shikoku”), (July 11, 2014) (“Shikoku Home Market Verification Report”); See Memorandum to the File, through Scot T. Fullerton, Program Manager, Office V, from Julia Hancock and Jerry Huang, Analysts, Subject: Verification of Shikoku International Corporation in the Antidumping Duty Investigation of Chlorinated Isocyanurates from Japan, (July 11, 2014) (“SIC Verification Report”).

classifications 3808.50.4000, 3808.94.5000 and 3808.99.9500 cover disinfectants that include chlorinated isocyanurates. The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of the investigation is dispositive.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum⁵ which is hereby adopted by this notice. A list of the issues raised is attached to this notice as an Appendix. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and it is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we made certain changes to the margin calculations. For a discussion of these changes, *see* the "Margin Calculations" section of the Issues and Decision Memorandum.

Verification

As provided in section 782(i) of the Act, in May and June 2014, we verified the cost and sales information submitted by Shikoku for use in our final determination. We used standard

⁵ *See* "Memorandum from Gary Taverman to Paul Piquado, Issues and Decision Memorandum for the Antidumping Duty Investigation of Chlorinated Isocyanurates from Japan," dated concurrently with this notice ("Issues and Decision Memorandum").

verification procedures including an examination of relevant accounting and production records, and original source documents provided by Shikoku and its U.S. affiliate, SIC.⁶

Facts Available

As noted above, on May 9, 2014, Nankai informed the Department that it would no longer participate in the investigation. Pursuant to sections 776(a)-(b) of the Act, because Nankai failed to cooperate to the best of its ability in participating in the investigation, the application of facts otherwise available with adverse inferences is warranted in calculating the antidumping duty margin for Nankai. Because Nankai's withdrawal from participation prevented the Department from fully investigating and verifying Nankai's cost and sales information, Nankai failed to cooperate to the best of its ability.

It is the Department's practice to select, as adverse facts available ("AFA"), the higher of the (a) highest margin alleged in the petition, or (b) the highest calculated rate for any respondent in the investigation.⁷ Accordingly, to ensure that the non-cooperative party, Nankai, does not benefit from its lack of participation, and to select a sufficiently adverse rate to induce cooperation in the future, for the final determination, we selected the higher of either (a) the highest margin alleged in the petition that we could corroborate or (b) the highest weighted-average calculated rate for any respondent in the investigation, subject to the corroboration requirement for secondary information.⁸ The calculated weighted-average margin for the other mandatory respondent, Shikoku, in this final determination is less than the 151.80 percent margin

⁶ See Shikoku Cost Verification, Shikoku Home Market Verification Report; and SIC Verification Report.

⁷ See *Notice of Final Determination of Sales at Less Than Fair Value: Certain Orange Juice from Brazil*, 71 FR 2183, 2185 (January 13, 2006).

⁸ See *Welded Stainless Pressure Pipe from Thailand: Final Determination of Sales at Less Than Fair Value*, 79 FR 31093 (May 30, 2014) and accompanying Issues and Decision Memorandum at Comment 2.

from the petition, *i.e.*, the highest corroborated margin alleged in the petition.⁹ Therefore, as AFA, we have assigned to Nankai a margin of 151.80 percent. For a full description of the methodology and rationale underlying our conclusions, *see* the Issues and Decision Memorandum. A list of the topics included in the Issues and Decision Memorandum appears in the Appendix of this notice.

“All Others” Rate

Section 735(c)(5)(A) of the Act provides that the estimated all others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated excluding any zero or *de minimis* and margins based entirely under section 776 of the Act. Pursuant to section 735(c)(5)(B) of the Act, if the estimated weighted-average dumping margins established for all exporters and producers individually examined are zero, *de minimis* or determined based entirely under section 776 of the Act, the Department may use any reasonable method to establish the estimated weighted-average dumping margin for all other producers or exporters. Accordingly, because Shikoku is the only respondent in this investigation for which the Department calculated a company-specific rate which is not zero, *de minimis* or based entirely on facts available, pursuant to section 735(c)(5)(A) of the Act, we are using the weighted-average dumping margin calculated for Shikoku as the estimated weighted-average dumping margin assigned to all other producers and exporters of the merchandise under consideration.

⁹ *See* Memorandum to the File, from Jerry Huang, Senior Case Analyst, through Scot T. Fullerton, Program Manager, Office V, Subject: Corroboration of the Total AFA Rate for Nankai in the Final Determination of the Antidumping Duty Investigation of Chlorinated Isocyanurates from Japan, (September 8, 2014) (“Corroboration Memo”).

Final Determination

The weighted-average dumping margin is as follows:

Producer or Exporter	Weighted-Average Margin (percent)
Nankai Chemical Co., Ltd.	151.80 percent
Shikoku Chemicals Corporation	60.65 percent
All Others Rate	60.65 percent

Disclosure

We will disclose the calculations performed within five days of the date of publication of this notice to parties in this proceeding in accordance with 19 CFR 351.224(b).

Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all appropriate entries of chlorinated isos from Japan, as described in the “Scope of the Investigation” section, which were entered, or withdrawn from warehouse, for consumption on or after April 24, 2014, the date of publication of the *Preliminary Determination* in the *Federal Register*. CBP shall require a cash deposit equal to the estimated amount by which the normal value exceeds the U.S. price as follows: (1) the rates for Nankai and Shikoku will be the rates we have determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 60.65 percent, as discussed in the “All Others Rate” section, above. These instructions suspending liquidation will remain in effect until further notice.

U.S. International Trade Commission (“ITC”) Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our final affirmative determination of sales at LTFV. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales for importation of chlorinated isos from Japan no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Return or Destruction of Proprietary Information

This notice will serve as the only reminder to parties subject to administrative protective order (“APO”) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i) of the Act.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

September 8, 2014_
Date

Appendix--Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Facts Available
- V. Margin Calculations
- VI. Discussion of the Issues
 1. Treatment of Shikoku's Claimed Direct Selling Expenses
 2. Treatment of Shikoku's Technical Service Expenses
 3. Treatment for Input X¹⁰ Between Shikoku and Shikoku Kosan Corporation ("SKC")
 4. Application of "Transactions Disregarded" Rule for Shikoku's Purchases of Product X¹¹
 5. Whether Packaging Should Be Included As A Physical Characteristic
 6. Inclusion of Packaging Costs in Shikoku's Variable Cost of Manufacturing

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¹⁰ Because Input X is business proprietary information, for further information, please *see* Shikoku Cost Verification Report at 20-21; and Shikoku's Case Brief at 21-24.

¹¹ Because Product X is business proprietary information, for further information, please *see* Shikoku's Case Brief at 26-28.