



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Monosodium Glutamate from the People's Republic of China and No Countervailable Subsidization of Imports of Monosodium Glutamate from Indonesia

- On March 5, 2014, the Department of Commerce (Commerce) announced its affirmative preliminary determination in the countervailing duty (CVD) investigation of imports of monosodium glutamate (MSG) from the People's Republic of China (China) and negative preliminary determination in the CVD investigation of imports of MSG from Indonesia.
- Commerce also announced its affirmative preliminary finding that critical circumstances exist with respect to imports of MSG from China.
- The CVD law provides U.S. business and workers with a transparent and internationally approved mechanism to seek relief from the market distorting effects caused by injurious subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, countervailable subsidies are financial assistance from foreign governments that benefit the production of goods from foreign companies and are limited to specific enterprises or industries, or are contingent either upon export performance or upon the use of domestic goods over imported goods.
- In the China investigation, Commerce preliminarily calculated subsidy rates of 13.41 percent for mandatory respondents Langfang Meihua Bio-Technology Co., Ltd. and Tongliao Meihua Biological Sci-Tech Co., Ltd. (collectively, the Meihua Group) and 404.03 percent for mandatory respondent Henan Lotus Flower Gourmet Co., Ltd. (Henan Lotus). Because Henan Lotus did not participate in this investigation, Commerce determined its rate based solely on adverse facts available. All other producers/exporters in China have been assigned a preliminary subsidy rate of 13.41 percent.
- In the Indonesia investigation, Commerce preliminarily calculated a *de minimis* subsidy rate for mandatory respondent PT. Cheil Jedang Indonesia. All other producers/exporters in Indonesia have also been assigned a *de minimis* preliminary subsidy rate.
- As a result of the preliminary affirmative determination in the China investigation, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on these preliminary rates. Because we also found that affirmative critical circumstances exist, we will instruct CBP to impose provisional measures retroactively on entries of MSG from China up to 90 days prior to the publication of this determination. However, because the preliminary CVD rates are *de minimis* in the Indonesia investigation, Commerce will not instruct U.S. Customs and Border Protection (CBP) to collect cash deposits on imports of MSG from Indonesia.
- The petitioner for these investigations is Ajinomoto North America Inc. (IL).
- The merchandise covered by the scope of these investigations is monosodium glutamate (MSG), whether or not blended or in solution with other products. Specifically, MSG that has been blended

or is in solution with other product(s) is included in this scope when the resulting mix contains 15% or more of MSG by dry weight. Products with which MSG may be blended include, but are not limited to, salts, sugars, starches, maltodextrins, and various seasonings. Further, MSG is included in these investigations regardless of physical form (including, but not limited to, substrates, solutions, dry powders of any particle size, or unfinished forms such as MSG slurry), end-use application, or packaging.

MSG has a molecular formula of $C_5H_8NO_4Na$, a Chemical Abstract Service (CAS) registry number of 6106-04-3, and a Unique Ingredient Identifier (UNII) number of W81N5U6R6U.

Merchandise covered by the scope of these investigations is currently classified in the Harmonized Tariff Schedule (HTS) of the United States at subheading 2922.42.10.00. Merchandise subject to these investigations may also enter under HTS subheadings 2922.42.50.00, 2103.90.72.00, 2103.90.74.00, 2103.90.78.00, 2103.90.80.00, and 2103.90.90.91. The tariff classifications, CAS registry number, and UNII number are provided for convenience and customs purposes; however, the written description of the scope is dispositive.

- In 2013, imports of MSG from China and Indonesia were valued at an estimated \$33.5 million and \$6 million, respectively.

NEXT STEPS

- Commerce is scheduled to announce its final determinations on or about May 19, 2014; unless the statutory deadline is extended.
- If Commerce makes affirmative final determinations, and the U.S. International Trade Commission (ITC) makes an affirmative final determination that imports of MSG from China and/or Indonesia materially injure, or threaten material injury to, the domestic industry, Commerce will issue CVD orders. If either Commerce's or the ITC's final determinations are negative, no CVD orders will be issued. The ITC issues its final injury determination approximately 45 days after Commerce issues final determinations, if affirmative.

PRELIMINARY SUBSIDY RATES:

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
China	Langfang Meihua Bio-Technology Co., Ltd. and Tongliao Meihua Biological Sci-Tech Co., Ltd. (collectively, the Meihua Group)	13.41%
	Henan Lotus Flower Gourmet Powder Co., Ltd.	404.03%
	All Others	13.41%

COUNTRY	EXPORTER/PRODUCER	SUBSIDY RATES
Indonesia	PT. Cheil Jedang Indonesia	0.069% (<i>de minimis</i>)
	All Others	0.069% (<i>de minimis</i>)

CASE CALENDAR:

EVENT	DATE
Petitions Filed	September 16, 2013
DOC Initiation Date [^]	October 23, 2013
ITC Preliminary Determination	November 18, 2013
DOC Preliminary Determination ^{^^}	March 4, 2014
DOC Final Determination	May 19, 2014 [†]
ITC Final Determination [*]	July 3, 2014
Issuance of Order ^{**}	July 10, 2014

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a)(1) of the Tariff Act of 1930, as amended. These deadlines may be extended under certain circumstances.

[^] As explained in the Memorandum for the Record from Paul Piquado, Assistant Secretary for Enforcement and Compliance, “Deadlines Affected by the Shutdown of the Federal Government” (October 18, 2013), Commerce exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from October 1, through October 16, 2013.

^{^^} Due to the closure of the Federal Government on March 3, 2014, Commerce reached this determination on the next business day (*i.e.*, March 4, 2014). See *Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

[†]Where the deadline falls on a weekend/holiday, the appropriate date is the next business day.

^{*}This will take place only in the event of a final affirmative determination by Commerce.

^{**}This will take place only in the event of final affirmative determinations by Commerce and the ITC.

IMPORT STATISTICS:

CHINA	2011	2012	2013
Volume (metric tons)	25,700	25,900	26,600
Value (USD)	37,156,000	36,890,000	33,475,000
INDONESIA	2011	2012	2013
Volume (metric tons)	100	4,000	4,500
Value (USD)	95,500	5,701,000	6,036,000

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 2922.42.1000). MSG may also enter under HTSUS 2922.42.5000, 2103.90.7200, 2103.90.7400, 2103.90.7800, 2103.90.8000, and 2103.90.9091. These HTSUS subheadings are basket categories and may cover both subject and non-subject merchandise. Therefore, these subheadings have not been used for purposes of reporting import statistics.