



FACT SHEET

Commerce Finds Dumping and Subsidization of Imports of Sodium Gluconate, Gluconic Acid, and Derivative Products from China

- On September 18, 2018, the Department of Commerce (Commerce) announced its affirmative final determinations in the antidumping duty (AD) and countervailing duty (CVD) investigations of imports of sodium gluconate, gluconic acid, and derivative products from the People's Republic of China (China).
- The AD and CVD laws provide U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by injurious dumping and subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of an AD investigation, dumping occurs when a foreign company sells a product in the United States at less than its fair value. For the purpose of a CVD investigation, a countervailable subsidy is financial assistance from foreign governments that benefits the production of goods from foreign companies and is limited to specific enterprises or industries, or is contingent either upon export performance or upon the use of domestic goods over imported goods.
- In the AD investigation, Commerce assigned a final dumping rate of 213.15 percent to mandatory respondents Dezhou Huiyang Biotechnology Co., Ltd., Shandong Fuyang Biotechnology Co., Ltd./Shandong Fuyang Biology Starch Co., Ltd., Qingdao Dongxiao Enterprise Co., Ltd., and Zhejiang Tianyi Food Additives Co., Ltd. This rate is based on adverse facts available because all of the mandatory respondents determined not to participate in this investigation. Commerce determined a final dumping rate of 213.15 percent for the China-wide entity, also based on adverse facts available. Commerce determined that the mandatory respondents are not entitled to a separate rate, and assigned them the China-wide entity rate. Commerce determined that Anhui Xingzhou Medicine Food Co., Ltd., was eligible for a separate rate and assigned it the rate of 213.15 percent.
- In the CVD investigation, Commerce has calculated a final subsidy rate of 194.67 percent for the four mandatory respondents, Qingdao Dongxiao Enterprise Co., Ltd., Shandong Fuyang Biotechnology Co., Ltd., Shandong Kaison Biochemical Co., Ltd, and Tongxiang Hongyu Chemical Co., Ltd., based on adverse facts available, due to their failure to fully cooperate in this investigation. Commerce calculated a final subsidy rate of 194.67 percent for all other Chinese producers and exporters.
- Upon publication of the final affirmative AD determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to collect AD cash deposits equal to the applicable final weighted-average dumping rates. Further, as a result of the affirmative final CVD determination, if the U.S. International Trade Commission (ITC) makes an affirmative injury determination, Commerce will instruct CBP to collect CVD cash deposits equal to the applicable subsidy rates.
- The petitioner is PMP Fermentation Products, Inc. (Peoria, IL).
- The products covered by these investigations are all grades of sodium gluconate, gluconic acid, liquid gluconate, and glucono delta lactone (GDL) (collectively GNA Products), regardless of physical form (including, but not limited to substrates; solutions; dry granular form or powders, regardless of particle size;

or as a slurry). The scope also includes GNA Products that have been blended or are in solution with other product(s) where the resulting mix contains 35 percent or more of sodium gluconate, gluconic acid, liquid gluconate, and/or GDL by dry weight.

Sodium gluconate has a molecular formula of $\text{NaC}_6\text{H}_{11}\text{O}_7$. Sodium gluconate has a Chemical Abstract Service (CAS) registry number of 527-07-1, and can also be called “sodium salt of gluconic acid” and/or sodium 2, 3, 4, 5, 6 pentahydroxyhexanoate. Gluconic acid has a molecular formula of $\text{C}_6\text{H}_{12}\text{O}_7$. Gluconic acid has a CAS registry number of 526-95-4, and can also be called 2, 3, 4, 5, 6 pentahydroxycaproic acid. Liquid gluconate is a blend consisting only of gluconic acid and sodium gluconate in an aqueous solution. Liquid gluconate has CAS registry numbers of 527-07-1, 526-95-4, and 7732-18-5, and can also be called 2, 3, 4, 5, 6-pentahydroxycaproic acid-hexanoate. GDL has a molecular formula of $\text{C}_6\text{H}_{10}\text{O}_6$. GDL has a CAS registry number of 90-80-2, and can also be called d-glucono-1,5-lactone.

The merchandise covered by the scope of this investigation is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 2918.16.1000, 2918.16.5010, and 2932.20.5020. Merchandise covered by the scope may also enter under HTSUS subheadings 2918.16.5050, 3824.99.2890, and 3824.99.9295. Although the HTSUS subheadings and CAS registry numbers are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

- In 2017, imports of sodium gluconate, gluconic acid, and derivative products from China were valued at an estimated \$6.2 million.
- The Final Decision Memoranda are on file electronically via Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. Please refer to case number A-570-071 for the AD investigation and C-570-072 for the CVD investigation.

NEXT STEPS

- The ITC is scheduled to make its final determinations on or about November 1, 2018.
- If the ITC makes affirmative final determinations that imports of sodium gluconate, gluconic acid, and derivative products from China materially injure, or threaten material injury to, the domestic industry, Commerce will issue AD and CVD orders. In the event that a CVD order is issued and suspension of liquidation is resumed in the CVD investigation, Commerce will instruct CBP to require AD cash deposits adjusted by the amount of export subsidies, as appropriate. If the ITC makes negative determinations of injury, the investigations will be terminated.

FINAL DUMPING RATES:

| COUNTRY | EXPORTER | PRODUCER | DUMPING RATES |
|---------|--|-------------------------------------|---------------|
| China | Anhui Xingzhou Medicine Food Co., Ltd. | Xiwang Pharmaceutical Co., Ltd | 213.15 % |
| | Anhui Xingzhou Medicine Food Co., Ltd. | Zhucheng Shuguang Biotech Co., Ltd. | |
| | China-Wide | | 213.15% |

FINAL SUBSIDY RATES:

| COUNTRY | EXPORTER/PRODUCER | SUBSIDY RATE |
|----------------|--|---------------------|
| China | Shandong Fuyang Biotechnology Co., Ltd. | 194.67% |
| | Qingdao Dongxiao Enterprise Co., Ltd. | 194.67% |
| | Shandong Kaison Biochemical Co., Ltd | 194.67% |
| | Tongxiang Hongyu Chemical Co., Ltd. | 194.67% |
| | All Others | 194.67% |

CASE CALENDAR:

| EVENT | CVD | AD |
|---------------------------------------|---------------------------|---------------------------|
| Petitions Filed | November 30, 2017 | November 30, 2017 |
| DOC Initiation Date | December 20, 2017 | December 20, 2017 |
| ITC Preliminary Determinations | January 22, 2018 | January 22, 2018 |
| DOC Preliminary Determinations | May 2, 2018 | July 2, 2018 |
| DOC Final Determinations | September 17, 2018 | September 17, 2018 |
| ITC Final Determinations | November 1, 2018 | November 1, 2018 |
| Issuance of Orders* | November 8, 2018 | November 8, 2018 |

NOTE: Commerce preliminary and final determination deadlines are governed by statute. For AD investigations, the deadlines are set forth in sections 733(b) and 735(a)(1) of the Tariff Act of 1930, as amended (the Act). For CVD investigations, the deadlines are set forth in sections 703(b) and 705(a) of the Act. These deadlines may be extended under certain circumstances.

*This will take place only in the event of affirmative final determinations from Commerce and the ITC.

IMPORT STATISTICS:

| CHINA | 2015 | 2016 | 2017 |
|----------------------|-------------|-------------|-------------|
| Volume (metric tons) | 4,813 | 4,248 | 4,828 |
| Value (USD) | 6,012,476 | 4,360,007 | 6,223,839 |

Source: U.S. Census Bureau, accessed through Global Trade Atlas. (HTSUS 2918.16.1000, 2918.16.1510, and 2932.20.5020)