



FACT SHEET

Commerce Preliminarily Finds Countervailable Subsidization of Imports of Sodium Gluconate, Gluconic Acid, and Derivative Products from the People's Republic of China

- On May 14, 2018, the Department of Commerce (Commerce) announced the affirmative preliminary determination of the countervailing duty (CVD) investigation of imports of sodium gluconate, gluconic acid, and derivative products from the People's Republic of China (China).
- The CVD law provides U.S. businesses and workers with a transparent, quasi-judicial, and internationally accepted mechanism to seek relief from the market-distorting effects caused by unfair subsidization of imports into the United States, establishing an opportunity to compete on a level playing field.
- For the purpose of CVD investigations, a countervailable subsidy is financial assistance from a foreign government that benefits the production of goods by 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 this investigation, Commerce has calculated a preliminary subsidy rate of 194.67 percent for the four mandatory respondents, Shandong Fuyang Biotechnology Co., Ltd., Qingdao Dongxiao Enterprise Co., Ltd., Shandong Kaisun 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 preliminarily calculated a rate of 194.67 percent for all other Chinese producers and exporters.
- As a result of the affirmative preliminary determination, Commerce will instruct U.S. Customs and Border Protection (CBP) to require cash deposits based on this preliminary rate.
- The petitioner is PMP Fermentation Products, Inc. (Peoria, IL).
- The products covered by this investigation 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 C₆H₁₀O₆. 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 2016, imports of sodium gluconate, gluconic acid, and derivative products from China were valued at an estimated \$4.4 million.
- The Preliminary Decision Memorandum is 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 C-570-072.

NEXT STEPS

- Commerce is scheduled to announce its final determination on or about September 17, 2018.
- If Commerce makes an affirmative final determination, and the U.S. International Trade Commission (ITC) makes an affirmative final determination 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 a CVD order. If either Commerce's or the ITC's final determination is negative, no CVD order will be issued. The ITC is scheduled to make its final injury determination approximately 45 days after Commerce issues its final determination, if affirmative.

PRELIMINARY 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 INVESTIGATION
Petition Filed	November 30, 2017
DOC Initiation Date	December 20, 2017
ITC Preliminary Determination	January 22, 2018
DOC Preliminary Determination	May 2, 2018 [^]
DOC Final Determination*	September 17, 2018
ITC Final Determination**	November 1, 2018
Issuance of Order***	November 8, 2018

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 (the Act). These deadlines may be extended under certain circumstances.

*This deadline may be extended under the governing statute.

**This will take place only in the event of a final affirmative determination from Commerce.

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

[^] As explained in the Memorandum for the Record from Christian Marsh, Deputy Assistant Secretary for Enforcement and Compliance, "Deadlines Affected by the Shutdown of the Federal Government," dated January 23, 2018, Commerce has exercised its discretion to toll deadlines for the duration of the closure of the Federal Government from January 20 through January 22, 2018. Therefore, the preliminary determination date for this investigation has been tolled by three days and all other deadlines have been adjusted accordingly.

IMPORT STATISTICS:

CHINA	2014	2015	2016
Volume (metric tons)	4,880	4,813	4,248
Value (USD)	6,554,617	6,012,476	4,360,007

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