

V. Discussion of the Issues

Comment 1: Application of Adverse Facts Available (AFA) to the China-wide Entity

Comment 2: Whether to Assign the China-Wide Entity Rate to the Separate Rate Applicant

Comment 3: Whether the Scope of the Investigation Should be Modified

VI. Recommendation

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DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-072]

Sodium Gluconate, Gluconic Acid and Derivative Products From the People's Republic of China: Final Affirmative Countervailing Duty Determination

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

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of sodium gluconate, gluconic acid and derivative products from the People's Republic of China (China).

DATES: Applicable September 21, 2018.

FOR FURTHER INFORMATION CONTACT:

Robert Galantucci or Jonathan Hill, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230; telephone (202) 482-2923 or (202) 482-3518, respectively.

SUPPLEMENTARY INFORMATION:**Background**

This final determination is made in accordance with section 705 of the Tariff Act of 1930, as amended (the Act). The petitioner in this investigation is PMP Fermentation Products, Inc. (the petitioner). The mandatory respondents in this investigation are Qingdao Dongxiao Enterprise Co., Ltd. (Qingdao Dongxiao), Shandong Fuyang Biotechnology Co. (Fuyang), Shandong Kaison Biochemical Co Ltd (Kaison), and Tongxiang Hongyu Chemical Co., Ltd. (Hongyu Chemical). Hongyu Chemical, Kaison, and Qingdao Dongxiao did not respond to any of our requests for information.

We published our *Preliminary Determination* on May 23, 2018.¹ On

¹ See *Sodium Gluconate, Gluconic Acid, and Derivative Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty*

May 30, 2018, Fuyang, the sole respondent to provide a questionnaire response in this investigation, notified Commerce that it would no longer be participating in the proceeding.² On June 21, 2018, the petitioner submitted a case brief.³ We received no comments from other interested parties.

Additional background on this case, including a summary of events that occurred since Commerce published the *Preliminary Determination*, and a discussion of comments from the petitioner, are provided in the Issues and Decision Memorandum, which is hereby adopted by this notice.⁴ 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 (ACCESS). ACCESS is available to registered users at <https://access.trade.gov> and is available to all parties in the Central Records Unit, room B8024 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>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Scope of the Investigation

The products covered by this investigation are sodium gluconate, gluconic acid, and derivative products from China. We have made no changes to the scope of the investigation, as published in the *Preliminary Determination*.⁵ For a complete description of the scope of this

Determination and Alignment of Final Determination with Final Antidumping Duty Determination, 83 FR 23888 (May 23, 2018) (*Preliminary Determination*) and accompanying Preliminary Decision Memorandum.

² See Letter from Fuyang, "Countervailing Duty Investigation on Sodium Gluconate, Gluconic Acid, and Derivative Products from the People's Republic of China: Notice of Non-Participation in Investigation," dated May 30, 2018.

³ See Letter from the petitioner, "Countervailing Duty Investigation of Sodium Gluconate, Gluconic Acid and Derivative Products from the People's Republic of China: Petitioner's Case Brief," dated June 21, 2018.

⁴ See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination in the Countervailing Duty Investigation of Sodium Gluconate, Gluconic Acid and Derivative Products from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

⁵ See 83 FR at 23888 (noting that Commerce would consider scope comments from interested parties and implement any changes to the scope in the final countervailing duty determination).

investigation, see Appendix I to this notice.

Period of Investigation

The period of investigation is January 1, 2016, through December 31, 2016.

Analysis of Comments Received

All issues raised in the case brief submitted by the petitioner are addressed in the Issues and Decision Memorandum accompanying this notice. A list of the issues addressed in the memorandum is attached to this notice at Appendix II.

Adverse Facts Available

In this final determination, we continue to apply facts available with an adverse inference to Fuyang, Hongyu Chemical, Kaison, and Qingdao Dongxiao. For purposes of this final determination, we relied on facts available and, because the respondents did not respond, or did not act to the best of their ability in responding to, our requests for information, we drew adverse inferences in selecting from among the facts otherwise available, pursuant to sections 776(a)-(b) of the Act.⁶ A detailed discussion of our application of adverse facts available was provided in the Preliminary Decision Memorandum accompanying our *Preliminary Determination*, and additional discussion is contained in the Issues and Decision Memorandum accompanying this notice.

Changes Since the Preliminary Determination

In our *Preliminary Determination*, we applied adverse facts available to calculate the subsidy rates for all mandatory respondents. We have made no changes to our analysis, or to the respondents' subsidy rates, for this final determination.

Final Determination

With respect to the "all-others" rate, section 705(c)(5)(A)(ii) of the Act provides that if the countervailing duty rates established for all exporters and producers individually investigated are determined entirely in accordance with section 776 of the Act, Commerce may use any reasonable method to establish an all-others rate for exporters and producers not individually investigated. In this case, the rates assigned to Fuyang, Hongyu Chemical, Kaison, and

⁶ See sections 776(a) and (b) of the Act. Section 782(i) of the Act requires Commerce to verify a respondent's data as part of an investigation. However, because we applied adverse facts available to each of the respondents in the *Preliminary Determination*, we did not conduct verification in this investigation.

Qingdao Dongxiao are based entirely on facts otherwise available, with adverse inferences, under section 776 of the Act. Because there is no other information on the record with which to determine an all-others rate, in accordance with section 705(c)(5)(A)(ii) of the Act, we have established the all-others rate by applying the countervailable subsidy rates for mandatory respondents Fuyang, Hongyu Chemical, Kaison, and Qingdao Dongxiao. The final countervailable subsidy rates are summarized in the table below.

Producer/exporter	Subsidy rate (percent)
Qingdao Dongxiao Enterprise Co., Ltd	194.67
Shandong Fuyang Biotechnology Co	194.67
Shandong Kaison Biochemical Co Ltd	194.67
Tongxiang Hongyu Chemical Co., Ltd	194.67
All-Others	194.67

Disclosure

We described the subsidy rate calculations, which were based on adverse facts available, in the Preliminary Decision Memorandum. As noted above, there are no changes to our calculations. Thus, no additional disclosure is necessary for this final determination.

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to section 703(d) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of any entries of merchandise under consideration from China that were entered, or withdrawn from warehouse, for consumption on or after May 23, 2018, the date of the publication of the *Preliminary Determination* in the **Federal Register**. Additionally, at that time, we instructed CBP to collect cash deposits of estimated countervailing duties at the rates assigned in the *Preliminary Determination*. The suspension of liquidation and collection of cash deposits remains in effect until further notice.⁷

If the U.S. International Trade Commission (ITC) issues a final

affirmative injury determination, we will issue a countervailing duty order, will reinstate the suspension of liquidation under section 706(a) of the Act, and will require a cash deposit of estimated countervailing duties for entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited as a result of the suspension of the suspension of liquidation will be refunded.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Acting Assistant Secretary for Enforcement and Compliance.

Notification Regarding APOs

This notice serves as a reminder to parties to an APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials or, alternatively, conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

Notification to Interested Parties

This determination is published pursuant to section 705(d) and 777(i) of the Act and 19 CFR 351.210(c).

Dated: September 17, 2018.

Gary Taverman,
Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, performing the non-exclusive functions and duties of the Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The scope of this investigation covers 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 NaC₆H₁₁O₇. 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 C₆H₁₂O₇. 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.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Use of Facts Otherwise Available and Adverse Inferences
- V. Analysis of Comments
 - Comment 1: Application of Total Adverse Facts Available to Hongyu Chemical, Kaison, and Qingdao Dongxiao
 - Comment 2: Application of Total Adverse Facts Available to Fuyang
 - Comment 3: Whether the Scope of the Investigation Should be Modified
- VI. Recommendation

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⁷Provisional measures will expire on September 19, 2018, having been in effect for 120 days. Accordingly, we will direct CBP to discontinue suspension of liquidation of merchandise entered on or after September 20, 2018. If the ITC issues an affirmative final determination, we will direct CBP to resume suspension of liquidation effective on the date of publication of the ITC final determination in the **Federal Register**.