DEPARTMENT OF COMMERCE

International Trade Administration

[S–570–072]

Sodium Gluconate, Gluconic Acid, and Derivative Products From the People’s Republic of China: Initiation of Countervailing Duty Investigation

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


FOR FURTHER INFORMATION CONTACT: Jonathan Hill or Robert Galantucci, 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) 482–3518 or (202) 482–2923, respectively.

SUPPLEMENTARY INFORMATION:

The Petition

On November 30, 2017, the U.S. Department of Commerce (Commerce) received a countervailing duty (CVD) Petition concerning imports of sodium gluconate, gluconic acid, and derivative product (GNA Products) from the People’s Republic of China (China), filed in proper form on behalf of PMP Fermentation Products, Inc. (the petitioner).1 The CVD Petition was accompanied by antidumping duty (AD) Petitions concerning imports of GNA Products from China and France. The petitioner is a domestic producer of GNA Products.2

On December 5, 2017, Commerce requested supplemental information pertaining to certain areas of the Petition.3 The petitioner filed responses to these requests on December 7, 2017, which included revised scope language.4 On December 14, 2017, Commerce had a conference call with the petitioner to discuss the scope of the investigation, and the petitioner filed revised scope language on December 15, 2017.5

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), the petitioner alleges that the Government of China (GOC) is providing countervailable subsidies, within the meaning of sections 701 and 771(5) of the Act, to producers of GNA Products in China, and imports of such products are materially injuring, or threatening material injury to, the domestic GNA Products industry in the United States. Consistent with section 702(b)(1) of the Act and 19 CFR 351.227(b), for those alleged programs on which we are initiating a CVD investigation, the Petition is accompanied by information reasonably available to the petitioner supporting its allegations.

Commerce finds that the petitioner filed the Petition on behalf of the domestic industry because the petitioner is an interested party as defined in section 771(9)(C) of the Act. Commerce also finds that the petitioner demonstrated sufficient industry support with respect to the initiation of the CVD investigation that the petitioner is requesting.6

Period of Investigation

Because the Petition was filed on November 30, 2017, the period of investigation is January 1, 2016 through December 31, 2016.

Scope of the Investigation

The products covered by this investigation are GNA Products from the People’s Republic of China: Sodium Gluconate, Gluconic Acid and Derivative Products from the People’s Republic of China: PMP’s Response to the Department’s Supplemental Questions on the Petition,” dated December 7, 2017 (General Issues and China CVD Response).


See “Determination of Industry Support for the Petition” section, below.
be filed on the records of each of the concurrent AD and CVD investigations.

Filing Requirements

All submissions to Commerce must be filed electronically using Enforcement and Compliance’s Antidumping Duty and Countervailing Duty Centralized Electronic System Service (ACCESS). An electronically filed document must be received successfully in its entirety by the time and date it is due. Documents exempted from the electronic submission requirements must be filed manually (i.e., in paper form) with Enforcement and Compliance’s APO/Dockets Unit, Room 18022, U.S. Department of Commerce, 1401 Constitution Avenue NW, Washington, DC 20230, and stamped with the date and time of receipt by the applicable deadlines.

Consultations

Pursuant to sections 702(b)(4)(A)(i) and (ii) of the Act, Commerce notified representatives of the GOC of the receipt of the CVD Petition, and provided them the opportunity for consultations with respect to the Petition. The GOC did not request a consultation.

Determination of Industry Support for the Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) At least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, Commerce shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method to poll the “industry.”

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs Commerce to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both Commerce and the ITC must apply the same statutory definition regarding the domestic like product, they do so for different purposes and pursuant to a separate and distinct authority. In addition, Commerce’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law.

Section 771(10) of the Act defines the domestic like product as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation” (i.e., the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

Regarding the domestic like product, the petitioner does not offer a definition of the domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that sodium gluconate, gluconic acid, and derivative products, as defined in the scope, constitute a single domestic like product and we have analyzed industry support in terms of that domestic like product.

Comments on Scope of the Investigation

During our review of the Petition, Commerce issued questions to, and received responses from, the petitioner pertaining to the proposed scope to ensure that the scope language in the Petition is an accurate reflection of the products for which the domestic industry is seeking relief. Commerce also held a conference call with the petitioner regarding the scope language. As a result of these exchanges, the scope of the Petition was modified to clarify the description of merchandise covered by the Petition. The description of the merchandise covered by this initiation, as described in the Appendix to this notice, reflects these clarifications.

As discussed in the Preamble to Commerce’s regulations, we are setting aside a period for interested parties to raise issues regarding product coverage (scope). Commerce will consider all comments received from interested parties and, if necessary, will consult with interested parties prior to the issuance of the preliminary determination. If scope comments include factual information, all such factual information should be limited to public information. To facilitate preparation of its questionnaires, Commerce requests all interested parties submit such comments by 5:00 p.m. Eastern Time (ET) on January 9, 2018 (20 calendar days from the signature date of this notice). Any rebuttal comments, which may include factual information, must be filed by 5:00 p.m. ET on January 19, 2018 (10 calendar days from the initial comments deadline).

Commerce requests that any factual information parties consider relevant to the scope of the investigation be submitted during this period. However, if a party subsequently finds that additional factual information pertaining to the scope of the investigation may be relevant, the party may contact Commerce and request permission to submit the additional information. All submissions must be filed on the records of each of the concurrent AD and CVD investigations.

In determining whether the petitioner has standing under section 702(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the “Scope of the Investigation,” in the Appendix of this notice. To establish industry support, the petitioner provided its own production of the domestic like product in 2016. The petitioner states that there are no other known producers of sodium gluconate, gluconic acid, and derivative products in the United States; therefore, the Petition is supported by 100 percent of the U.S. industry.  

Our review of the data provided in the Petition, the supplemental responses, and other information readily available to Commerce indicates that the petitioner has established industry support for the Petition. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, Commerce is not required to take further action in order to evaluate industry support (e.g., polling). Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) support the Petition account for at least 25 percent of the total production of the domestic like product. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the Petition. Accordingly, Commerce determines that the Petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act.

Commerce finds that the petitioner filed the Petition on behalf of the domestic industry because it is an interested party as defined in section 771(9)(C) of the Act and it has demonstrated sufficient industry support with respect to the CVD investigation that it is requesting that Commerce initiate. 

Injury Test

Because China is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from China materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

The petitioner alleges that imports of the subject merchandise are benefiting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the U.S. industry producing the domestic like product. In addition, the petitioner alleges that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act. The petitioner contends that the industry’s injured condition is illustrated by a significant volume of subject imports, reduced market share, underselling and price depression or suppression, lost sales and revenues, and a negative impact on financial performance. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence, and meet the statutory requirements for initiation.

Initiation of CVD Investigation

Based on the examination of the Petition, we find that it meets the requirements of section 702 of the Act. Therefore, we are initiating a CVD investigation to determine whether imports of GNA Products from China benefit from countervailable subsidies conferred by the GOC. In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

Numerous amendments to the AD and CVD laws were made pursuant to the Trade Preferences Extension Act of 2015. The amendments to sections 776 and 782 of the Act are applicable to all determinations made on or after August 6, 2015, and, therefore, apply to this CVD investigation.

Based on our review of the Petition, we find that there is sufficient information to initiate a CVD investigation on 44 of the 49 alleged programs. For a full discussion of the basis for our decision to initiate on each program, see China CVD Initiation Checklist. A public version of the initiation checklist for this investigation is available on ACCESS.

In accordance with section 703(b)(1) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 65 days after the date of this initiation.

Respondent Selection

The petitioner named 82 companies as producers/exporters of GNA Products in China. Commerce intends to follow its standard practice in CVD investigations and calculate company-specific subsidy rates in this investigation. In the event Commerce determines that the number of companies is large and it cannot individually examine each company based upon Commerce’s resources, where appropriate, Commerce intends to select mandatory respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports of GNA Products from China during the POI under the appropriate Harmonized Tariff Schedule of the United States numbers listed in the “Scope of the Investigation,” in the Appendix.

On December 11, 2017, Commerce released CBP data under Administrative Protective Order (APO) to all parties with access to information protected by APO and indicated that interested

**Covering Sodium Gluconate, Gluconic Acid, and Derivative Products from the People’s Republic of China and France.** The checklist is dated concurrently with, and hereby adopted by, this notice and on file electronically via ACCESS. Access to documents filed via ACCESS are also available in the Central Records Unit, Room B8024 of the main Department of Commerce building.

**Id. at 3 and Exhibits I–1A and I–1B; see also General Issues and China CVD Response.**

**See China CVD Initiation Checklist at Attachment II.**

**See section 702(c)(4)(D) of the Act; see also China CVD Initiation Checklist at Attachment II.**

**See China CVD Initiation Checklist at Attachment II.**

**Id.**

**See Volume I of the Petition at 16 and Exhibit I–9; see also General Issues and China CVD Response.**

**See Volume I of the Petition at 13, 16–32, and Exhibits I–4 and I–9 through I–22.**

**See China CVD Initiation Checklist at Attachment III (Analysis of Allegations and Evidence of Material Injury and Causation for the Antidumping and Countervailing Duty Petitions Covering Sodium Gluconate, Gluconic Acid, and Derivative Products from the People’s Republic of China and France).**
parties wishing to comment regarding the CBP data and respondent selection must do so within three business days of the publication date of the notice of initiation of this CVD investigation.\textsuperscript{31} Commerce will not accept rebuttal comments regarding the CBP data or respondent selection.

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305(b). Instructions for filing such applications may be found on the Commerce’s website at http://enforcement.trade.gov/apo.

Comments must be filed electronically using ACCESS. An electronically filed document must be received successfully, in its entirety, by ACCESS no later than 5:00 p.m. ET on the date noted above. We intend to finalize our decisions regarding respondent selection within 20 days of publication of this notice.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), copies of the public version of the Petition has been provided to the GOC via ACCESS. To the extent practicable, we will attempt to provide a copy of the public version of the Petition to each exporter named in the Petition, as provided under 19 CFR 351.203(c)(2).

ITC Notification

We will notify the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determinations by the ITC

The ITC will preliminarily determine, within 45 days after the date on which the Petition was filed, whether there is a reasonable indication that imports of GNA Products from China are materially injuring, or threatening material injury to, a U.S. industry.\textsuperscript{32} A negative ITC determination will result in the investigation being terminated.\textsuperscript{33} Otherwise, this investigation will proceed according to statutory and regulatory time limits.


\textsuperscript{32} See section 703(a)(2) of the Act.

\textsuperscript{33} See section 703(a)(1) of the Act.

Submission of Factual Information

Factual information is defined in 19 CFR 351.102(b)(21) as: (i) Evidence submitted in response to questionnaires; (ii) evidence submitted in support of allegations; (iii) publicly available information to value factors under 19 CFR 351.408(c) or to measure the adequacy of remuneration under 19 CFR 351.511(a)(2); (iv) evidence placed on the record by Commerce; and (v) evidence other than factual information described in (i)–(iv). 19 CFR 351.301(b) requires any party, when submitting factual information, to specify under which subsection of 19 CFR 351.102(b)(21) the information is being submitted\textsuperscript{34} and, if the information is submitted to rebut, clarify, or correct factual information already on the record, to provide an explanation identifying the information already on the record that the factual information seeks to rebut, clarify, or correct.\textsuperscript{35} Time limits for the submission of factual information are addressed in 19 CFR 351.301, which provides specific time limits based on the type of factual information being submitted. Interested parties should review the regulations prior to submitting factual information in this investigation.

Extensions of Time Limits

Parties may request an extension of time limits before the expiration of a time limit established under 19 CFR 351.301, or as otherwise specified by the Secretary. In general, an extension request will be considered untimely if it is filed after the expiration of the time limit established under 19 CFR 351.301. For submissions that are due from multiple parties simultaneously, an extension request will be considered untimely if it is filed after 10:00 a.m. ET on the due date. Under certain circumstances, we may elect to specify a different time limit by which extension requests will be considered untimely for submissions which are due from multiple parties simultaneously. In such a case, we will inform parties in the letter or memorandum setting forth the deadline (including a specified time) by which extension requests must be filed to be considered timely. An extension request must be made in a separate, stand-alone submission; under limited circumstances we will grant untimely-filed requests for the extension of time limits. Parties should review Extension of Time Limits; Final Rule, 78 FR 57790 (September 20, 2013), available at http://www.gpo.gov/fdsys/pkg/FR-2013-09-20/html/2013-22853.htm, prior to submitting factual information in this investigation.

Certification Requirements

Any party submitting factual information in an AD or CVD proceeding must certify to the accuracy and completeness of that information.\textsuperscript{36} Parties are hereby reminded that revised certification requirements are in effect for company/government officials, as well as their representatives. Investigations initiated based on petitions filed on or after August 16, 2013, and other segments of any AD or CVD proceedings initiated on or after August 16, 2013, should use the formats for the revised certifications provided at the end of the Final Rule.\textsuperscript{37} Commerce intends to reject factual submissions if the submitting party does not comply with the applicable revised certification requirements.

Notification to Interested Parties

Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. On January 22, 2008, Commerce published Antidumping and Countervailing Duty Proceedings: Documents Submission Procedures; APO Procedures, 73 FR 3634 (January 22, 2008). Parties wishing to participate in this investigation should ensure that they meet the requirements of these procedures (e.g., the filing of letters of appearance as discussed at 19 CFR 351.103(d)).

This notice is issued and published pursuant to sections 702 and 777(i) of the Act and 19 CFR 351.203(c).


Gary Tavenor, 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

Scope of the Investigation

The scope of this investigation covers all grades of sodium gluconate, gluconic acid, gud 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 products from the People’s Republic of China.

\textsuperscript{34} See 19 CFR 351.301(b).

\textsuperscript{35} See 19 CFR 351.301(b)(2).

\textsuperscript{36} See section 782(b) of the Act.

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 NaC₆H₁₂O₇. 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-pentahydroxyhexanoic 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, 326–95–4, and 7732–18–5, and can also be called 2, 3, 4, 5, 6-pentahydroxyhexanoic acid-hexanoate. GDL gluconic acid and sodium gluconate in an aqueous solution. Liquid gluconate 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.

**Background**


**Rescission of Review**

Pursuant to 19 CFR 351.213(d)(1), Commerce will rescind an administrative review, in whole or in part, if the party, or parties, that requested a review withdraws the request(s) within 90 days of the publication of the notice of initiation of the requested review. As noted above, Mid Continent Steel & Wire, Inc. withdrew its request for review by the 90-day deadline, and no other party requested an administrative review of this order. Therefore, in response to the timely withdrawal of the request for review, and in accordance with 19 CFR 351.213(d)(1), Commerce is rescinding this review.

**Assessment**

Commerce will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries. Antidumping duties shall be assessed at rates equal to the cash deposit of estimated antidumping duties required at the time of entry, or withdrawal from warehouse, for consumption, in accordance with 19 CFR 351.212(c)(1)(i). Commerce intends to issue appropriate assessment instructions to CBP 15 days after the publication of this notice in the Federal Register.

**Notification to Importers**

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this POR. Failure to comply with this requirement could result in the presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

**Notification Regarding Administrative Protective Order**

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction 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 conversion to judicial protective order, is hereby required. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

This notice is published in accordance with sections 751(a)(1) and 777(f)(1) of the Act, and 19 CFR 351.213(d)(4).