

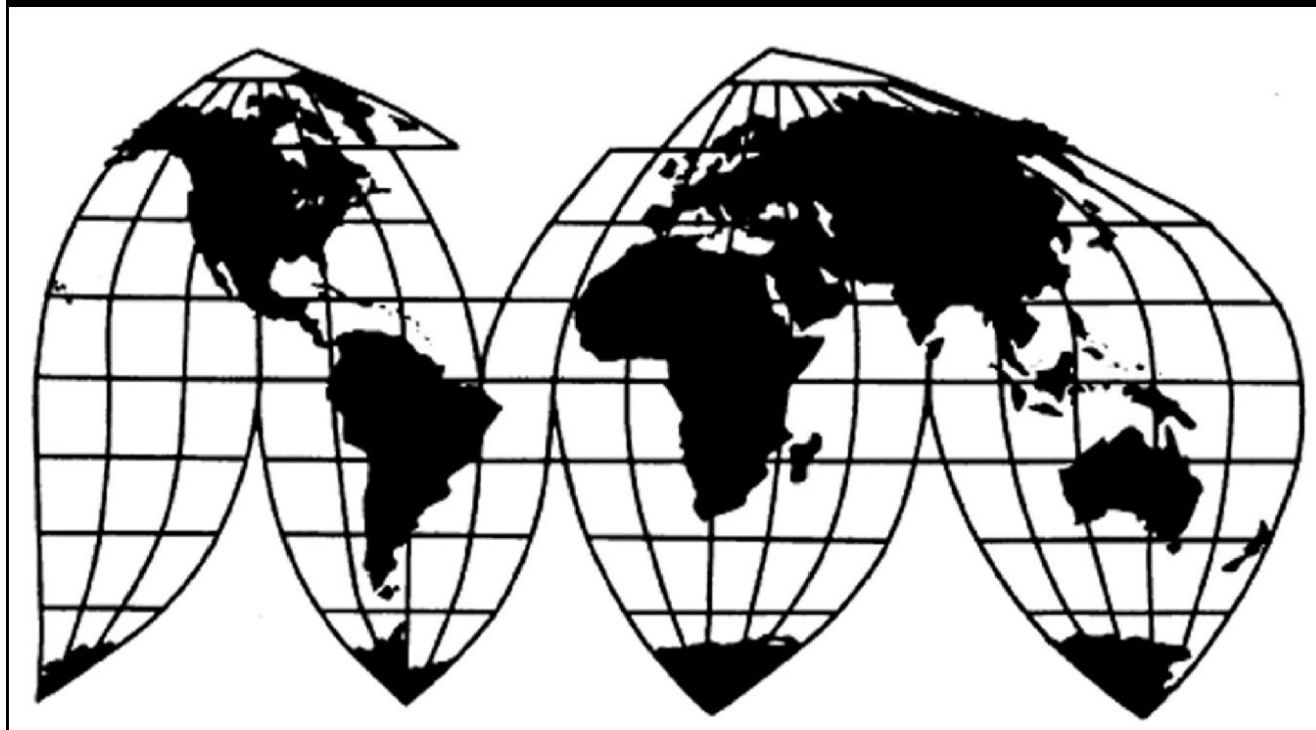
# Xanthan Gum from China

Investigation No. 731-TA-1203 (Second Review)

Publication 5501

April 2024

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

## COMMISSIONERS

**David S. Johanson, Chairman**

**Rhonda K. Schmidlein**

**Jason E. Kearns**

**Amy A. Karpel**

---

Catherine DeFilippo

*Director of Operations*

---

*Staff assigned*

Alec Resch, Investigator

Christopher S. Robinson, Industry Analyst

Sarah Kramer, Attorney

Jordan Harriman, Supervisory Investigator

**Address all communications to  
Secretary to the Commission  
United States International Trade Commission  
Washington, DC 20436**

# U.S. International Trade Commission

Washington, DC 20436  
[www.usitc.gov](http://www.usitc.gov)

## Xanthan Gum from China

Investigation No. 731-TA-1203 (Second Review)

**Publication 5501**



**April 2024**



# CONTENTS

	Page
<b>Determinations .....</b>	<b>1</b>
<b>Views of the Commission.....</b>	<b>3</b>
<b>Information obtained in this review .....</b>	<b>I-1</b>
<b>Background .....</b>	<b>I-1</b>
<b>Responses to the Commission’s notice of institution.....</b>	<b>I-2</b>
Individual responses .....	I-2
Party comments on adequacy .....	I-3
<b>The original investigations.....</b>	<b>I-3</b>
<b>The first five-year review .....</b>	<b>I-4</b>
<b>Previous and related investigations .....</b>	<b>I-4</b>
<b>Commerce’s five-year review .....</b>	<b>I-4</b>
<b>The product .....</b>	<b>I-5</b>
Commerce’s scope.....	I-5
U.S. tariff treatment.....	I-5
Description and uses.....	I-6
Manufacturing process.....	I-7
<b>The industry in the United States .....</b>	<b>I-9</b>
U.S. producers.....	I-9
Recent developments.....	I-9
U.S. producers’ trade and financial data .....	I-10
<b>Definitions of the domestic like product and domestic industry .....</b>	<b>I-11</b>
<b>U.S. importers.....</b>	<b>I-12</b>
<b>U.S. imports.....</b>	<b>I-13</b>
<b>Apparent U.S. consumption and market shares .....</b>	<b>I-14</b>
<b>The industry in China .....</b>	<b>I-15</b>
Producers in China .....	I-15
Trade data for producers in China .....	I-15
Recent developments .....	I-16
Exports .....	I-17
<b>Third-country trade actions.....</b>	<b>I-17</b>
<b>The global market.....</b>	<b>I-18</b>

## Appendixes

A.	<i>Federal Register</i> notices .....	A-1
B.	Company-specific data .....	B-1
C.	Summary data compiled in prior proceedings .....	C-1

Note: Information that would reveal confidential operations of individual concerns may not be published. Such information is identified by brackets or by headings in confidential reports and is deleted and replaced with asterisks in public reports.

# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-1203 (Second Review)

Xanthan Gum from China

## **DETERMINATION**

On the basis of the record<sup>1</sup> developed in the subject five-year review, the United States International Trade Commission (“Commission”) determines, pursuant to the Tariff Act of 1930 (“the Act”), that revocation of the antidumping duty order on xanthan gum from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

## **BACKGROUND**

The Commission instituted this review on October 2, 2023 (88 FR 67809) and determined on January 5, 2024 that it would conduct an expedited review (89 FR 3427, January 18, 2024).

---

<sup>1</sup> The record is defined in § 207.2(f) of the Commission’s Rules of Practice and Procedure (19 CFR 207.2(f)).





## Views of the Commission

Based on the record in this five-year review, we determine under section 751(c) of the Tariff Act of 1930, as amended (“the Tariff Act”), that revocation of the antidumping duty order on xanthan gum from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

### I. Background

*The Original Investigation.* On June 5, 2012, CP Kelco U.S., Inc. (“CP Kelco”), a domestic producer of xanthan gum, filed an antidumping duty petition with the Department of Commerce (“Commerce”) and the Commission on imports of xanthan gum from Austria and China. On June 4, 2013, Commerce determined that imports from Austria and China were being sold at less-than-far-value (“LTFV”).<sup>1</sup> On July 12, 2013, the Commission found that an industry in the United States was not materially injured or threatened with material injury by reason of LTFV imports of xanthan gum from Austria.<sup>2</sup> The Commission also determined that an industry in the United States was threatened with material injury by reason of LTFV imports of xanthan gum from China.<sup>3 4</sup> Consequently, on July 19, 2013, Commerce issued an antidumping duty order on imports of xanthan gum from China.<sup>5</sup>

*The First Review.* On June 1, 2018, the Commission instituted its first five-year review of the antidumping duty order on xanthan gum from China.<sup>6</sup> In November 2018, after conducting

---

<sup>1</sup> Xanthan Gum from Austria: Final Determination of Sales at Less Than Fair Value, 78 Fed. Reg. 33354 (June 4, 2013); Xanthan Gum from the People’s Republic of China: Final Determination of Sales at Less Than Fair Value, 78 Fed. Reg. 33351 (June 4, 2013).

<sup>2</sup> *Xanthan Gum from Austria and China*, Inv. Nos. 731-TA-1202-03 (Final), USITC Pub. 4411 (July 2013) (“Original Determination”).

<sup>3</sup> See Original Determination, USITC Pub. 4411 at 3. While the Commission cumulated subject imports from China and Austria for its material injury analysis, it exercised its discretion not to cumulate subject imports from China and Austria for its threat of material injury analysis. See Original Determination, USITC Pub. 4411 at 20-42. On appeal, the Commission’s negative determination regarding subject imports from Austria was affirmed. *CP Kelco US, Inv. V. United States*, 24 F. Supp. 3d 1337 (Ct. Int’l Trade 2014), *aff’d*, 623 Fed. Appx. 1012 (Fed. Cir. 2015). The Commission’s affirmative determination concerning subject imports from China was not the subject of appeal.

<sup>4</sup> In a separate and concurring opinion, Commissioners Pinkert and Broadbent did not cumulate subject imports and determined that an industry in the United States was materially injured by reason of imports of xanthan gum from China, and that an industry in the United States was not materially injured or threatened with material injury by reason of subject imports from Austria. See Separate and Concurring Views of Commissioners Dean A. Pinkert and Meredith B. Broadbent.

<sup>5</sup> Xanthan Gum from the People’s Republic of China: Amended Final Determination of Sales at Less Than Fair Value and Antidumping Duty Order, 78 Fed. Reg. 43143 (July 19, 2013).

<sup>6</sup> Xanthan Gum from China: Institution of a Five-Year Review, 83 Fed. Reg. 25485 (June 1, 2018).

an expedited review, the Commission reached an affirmative determination.<sup>7</sup> Consequently, on November 30, 2018, Commerce issued a continuation of the antidumping duty order.<sup>8</sup>

*The Current Review.* On October 2, 2023, the Commission instituted this second five-year review of the antidumping duty order on xanthan gum from China.<sup>9</sup> On November 1, 2023, domestic interested party CP Kelco, a domestic producer of xanthan gum and U.S. importer of xanthan gum from China, filed a response to the notice of institution.<sup>10</sup> Also on November 1, 2023, respondent interested party Gum Products International, Inc. (“GPI”), a U.S. importer of xanthan gum from China,<sup>11</sup> filed a response to the notice of institution.<sup>12</sup> On January 5, 2024, the Commission determined that the domestic interested party group response to its notice of institution was adequate but that the respondent interested party response was inadequate.<sup>13</sup> Finding no other circumstances that would warrant conducting a full review, the Commission determined that it would conduct an expedited review pursuant to

---

<sup>7</sup> *Xanthan Gum from China*, Inv. No. 731-TA-1203 (Review), USITC Pub. 4829 at 4 (Nov. 2018) (“First Review”).

<sup>8</sup> *Xanthan Gum From the People’s Republic of China: Continuation of Antidumping Duty Order*, 83 Fed. Reg. 61602 (Nov. 30, 2018).

<sup>9</sup> *Xanthan Gum From China; Institution of a Five-Year Review*, 88 Fed. Reg. 67809 (Oct. 2, 2023). In accordance with section 751(c) of the Act, Commerce also published a notice of initiation of a five-year review of the subject antidumping duty order. *Initiation of Five-Year (Sunset) Reviews*, 88 Fed. Reg. 67729 (Oct. 2, 2023).

<sup>10</sup> *Xanthan Gum from the People’s Republic of China – Substantive Response of CP Kelco U.S., Inc. to the Commission’s Notice of Institution*, EDIS Doc. No. 807602 (Nov. 1, 2023) (“Domestic Interested Party’s Response”). On November 29, 2023, CP Kelco submitted a supplemental response to the notice of institution. *Xanthan Gum from the People’s Republic of China – Information in Response to the Commission’s Notice of Institution*, EDIS Doc. No. 809443 (Nov. 29, 2023) (“Domestic Interested Party’s Supplemental Response.”).

<sup>11</sup> GPI imports xanthan gum from China into Canada for further processing into downstream products for use as food ingredients and oilfield lubricants, and then exports the downstream products to the United States. Confidential Report, Memorandum INV-VV-110 (Dec. 21, 2023) (“CR”), Public Report, *Xanthan Gum from China*, Inv. No. 731-TA-1203 (Second Review), USITC Pub. 5501 (Apr. 2024) (“PR”) at I-2; Response of Gum Products International, Inc. to Notice of Institution of Five-Year Review at 2, EDIS Doc. No. 807622 (Nov. 1, 2023) (“Respondent Interested Party’s Response”). U.S. Customs and Border Protection has determined that GPI’s imports of the downstream product from Canada are subject to the order on xanthan gum from China. *Id.* GPI has requested a scope ruling from Commerce to determine whether its products are within the scope of the order, but Commerce has yet to issue a scope ruling. *See Notice of Scope Ruling Applications Filed*, 88 Fed. Reg. 74420 (Oct. 31, 2023).

<sup>12</sup> Respondent Interested Party’s Response.

<sup>13</sup> Although the Commission determined that GPI’s response was individually adequate, it determined that the respondent interested party group response was inadequate because the respondent interested party did not account for a substantial share of U.S. imports of xanthan gum from China in 2022 and no other respondent interested parties responded to the Commission’s notice of institution. Explanation of Commission Determination on Adequacy, EDIS Doc. No. 812787 (Jan. 9, 2024).

section 751(c)(3) of the Tariff Act.<sup>14</sup> CP Kelco and GPI filed comments with the Commission pursuant to 19 C.F.R. § 207.62(d)(1) regarding the determination that the Commission should reach.<sup>15</sup>

U.S. industry data in this review are based on information supplied by the domestic interested party in its response to the notice of institution, which is estimated to have accounted for 100 percent of domestic production of xanthan gum in 2022.<sup>16</sup> U.S. import data and related information are based on Commerce’s official import statistics.<sup>17</sup> Foreign industry data are based on information from the original investigation and prior review, information submitted by the domestic and respondent interested parties in this expedited review, and publicly available information compiled by the Commission.<sup>18</sup>

## II. Domestic Like Product and Industry

### A. Domestic Like Product

In making its determination under section 751(c) of the Tariff Act, the Commission defines the “domestic like product” and the “industry.”<sup>19</sup> The Tariff Act defines “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 subtitle.”<sup>20</sup> The Commission’s practice in five-year reviews is to examine the domestic like product definition from the original investigation and consider whether the record indicates any reason to revisit the prior findings.<sup>21</sup>

---

<sup>14</sup> Explanation of Commission Determination on Adequacy.

<sup>15</sup> Five Year (“Sunset”) Review of the Antidumping Duty Order on Xanthan Gum from the People’s Republic of China – The Domestic Industry’s Final Comments (“Domestic Interested Party’s Final Comments”), EDIS Doc No. 815680 (March 7, 2024); Investigation No. 731-TA-1203 (Second Review) Xanthan Gum from China-Expedited Five-Year Review (“Respondent Interested Party’s Final Comments”), EDIS Doc. No. 615688 (March 7, 2024). We have disregarded the new factual information contained on pages 2-3 of the respondent interested party’s final comments, in accordance with 19 C.F.R. § 207.62(d)(1).

<sup>16</sup> CR/PR at Table I-2; *see also* Domestic Interested Party’s Response at 19.

<sup>17</sup> CR/PR at Tables I-5, I-6. Import data are compiled from official Commerce statistics for HTS statistical reporting number 3913.90.2015. *Id.*

<sup>18</sup> CR/PR at Tables I-7, I-8, I-9, I-10.

<sup>19</sup> 19 U.S.C. § 1677(4)(A).

<sup>20</sup> 19 U.S.C. § 1677(10); *see, e.g., Cleo Inc. v. United States*, 501 F.3d 1291, 1299 (Fed. Cir. 2007); *NEC Corp. v. Department of Commerce*, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996); *Torrington Co. v. United States*, 747 F. Supp. 744, 748-49 (Ct. Int’l Trade 1990), *aff’d*, 938 F.2d 1278 (Fed. Cir. 1991); *see also* S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979).

<sup>21</sup> *See, e.g., Internal Combustion Industrial Forklift Trucks from Japan*, Inv. No. 731-TA-377 (Second Review), USITC Pub. 3831 at 8-9 (Dec. 2005); *Crawfish Tail Meat from China*, Inv. No. 731-TA- (Continued...)

Commerce has defined the imported merchandise within the scope of the order under review as follows:

The merchandise covered by the scope of the Order includes dry xanthan gum, whether or not coated or blended with other products. Xanthan gum is included in this order regardless of physical form, including, but not limited to, solutions, slurries, dry powders of any particle size, or unground fiber.

Xanthan gum that has been blended with other product(s) is included in this scope when the resulting mix contains 15 percent or more of xanthan gum by dry weight. Other products with which xanthan gum may be blended include, but are not limited to, sugars, minerals, and salts.

Xanthan gum is a polysaccharide produced by aerobic fermentation of *Xanthomonas campestris*. The chemical structure of the repeating pentasaccharide monomer unit consists of a backbone of two P-1,4-D-Glucose monosaccharide units, the second with a trisaccharide side chain consisting of P-D-Mannose-(1,4)- P-D-Glucuronic acid-(1,2) -  $\alpha$ -D-Mannose monosaccharide units. The terminal mannose may be pyruvylated and the internal mannose unit may be acetylated.

Merchandise covered by the scope of this order is classified in the Harmonized Tariff Schedule (“HTS”) of the United States at subheadings 3913.90.20, 3913.90.2015, and 3824.99.4900. This tariff classification is provided for convenience and customs purposes; however, the written description of the scope is dispositive.<sup>22</sup>

Xanthan gum is a polysaccharide produced by fermentation of a carbohydrate source using the strain of bacteria known as *Xanthomonas campestris*.<sup>23</sup> Xanthan gum is a useful additive to industrial and consumer products to provide stability and viscosity.<sup>24</sup> It is used primarily in five sectors: food and beverage products, consumer goods, pharmaceutical

---

(...Continued)

752 (Review), USITC Pub. 3614 at 4 (July 2003); *Steel Concrete Reinforcing Bar from Turkey*, Inv. No. 731-TA-745 (Review), USITC Pub. 3577 at 4 (Feb. 2003).

<sup>22</sup> CR/PR at I-5; see also *Xanthan Gum from the People’s Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order*, 89 Fed. Reg. 7363 (Feb. 2, 2024) and accompanying Issues and Decision Memorandum at 2-3, Case No. A-570-985, EDIS Doc. No. 815863 (Jan. 29, 2024).

<sup>23</sup> CR/PR at I-7.

<sup>24</sup> CR/PR at I-6.

products, industrial uses, and oil field uses.<sup>25</sup> Xanthan gum is used as a stabilizer and thickener for foods without affecting flavor, particularly in condiments, beverages, syrups, baked goods, and prepared foods.<sup>26</sup> Xanthan gum also provides thickening and stabilizing properties to consumer goods and pharmaceutical products, such as toothpaste, sunscreen, and pharmaceuticals.<sup>27</sup> Its properties are also useful in a variety of industrial and household chemical applications and in oil drilling, allowing for an equal distribution of components within a product that would otherwise separate due to different densities.<sup>28</sup>

In the original investigation, the Commission found a single domestic like product consisting of all xanthan gum, coextensive with Commerce's scope.<sup>29</sup> In the original investigation, the Commission found that all grades of xanthan gum were derived from fermentation of the bacteria *Xanthomonas campestris* and, as such, each grade shares the same basic physical characteristics and chemical composition.<sup>30</sup> The Commission noted that there was somewhat limited interchangeability among the various grades of xanthan gum because lower-level purity grades (such as those used in the oil segment) cannot be used in products that require higher purity levels due to government regulations (such as food products); nonetheless, it determined that higher purity level grades could be substituted for lower purity level grades of xanthan gum.<sup>31</sup> The Commission found that the different grades of xanthan gum were generally sold in the same channels of distribution, with most xanthan gum being sold directly to end users and the remainder to distributors.<sup>32</sup>

The Commission also found that all xanthan gum is made in similar manufacturing facilities, using similar production processes and employees.<sup>33</sup> It further determined that while the production process for xanthan gum may vary somewhat depending on the grade being produced, all grades of xanthan gum were perceived by both producers and customers to be the same product, although certain food and consumer product grades must meet the necessary regulatory requirements.<sup>34</sup> Finally, it observed that prices varied among the end-use industries, and that food and consumer grades, which require higher purity levels, were generally higher priced than oil grades.<sup>35</sup>

In the first review, the Commission found that the record did not indicate any changes to the pertinent characteristics of xanthan gum and again defined the domestic like product as all xanthan gum, coextensive with Commerce's scope.<sup>36</sup>

---

<sup>25</sup> CR/PR at I-6.

<sup>26</sup> CR/PR at I-6.

<sup>27</sup> CR/PR at I-7.

<sup>28</sup> CR/PR at I-7.

<sup>29</sup> Original Determination, USITC Pub. 4411 at 6; First Review, USITC Pub.4839 at 7.

<sup>30</sup> Original Determination, USITC Pub. 4411 at 5.

<sup>31</sup> Original Determination, USITC Pub. 4411 at 5-6.

<sup>32</sup> Original Determination, USITC Pub. 4411 at 6.

<sup>33</sup> Original Determination, USITC Pub. 4411 at 6.

<sup>34</sup> Original Determination, USITC Pub. 4411 at 6.

<sup>35</sup> Original Determination, USITC Pub. 4411 at 6.

<sup>36</sup> First Review, USITC Pub. 4839 at 7.

In this expedited five-year review, there is no new information on the record indicating that there have been any changes in the pertinent characteristics and uses of xanthan gum since the prior proceedings that would warrant revisiting the domestic like product definition.<sup>37</sup> The domestic interested party agrees with the Commission's definition of the domestic like product from the original investigations, and the respondent interested party takes no position.<sup>38</sup> Consequently, we again define the domestic like product as all xanthan gum, coextensive with Commerce's scope.

## **B. Domestic Industry**

Section 771(4)(A) of the Tariff Act defines the relevant industry as the domestic "producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."<sup>39</sup> In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Tariff Act. This provision allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.<sup>40</sup> Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.<sup>41</sup>

---

<sup>37</sup> See generally CR/PR at I-6 to I-7.

<sup>38</sup> Domestic Interested Party's Response at 22; Respondent Interested Party's Response at 6.

<sup>39</sup> 19 U.S.C. § 1677(4)(A). The definitions in 19 U.S.C. § 1677 are applicable to the entire subtitle containing the antidumping and countervailing duty laws, including 19 U.S.C. §§ 1675 and 1675a. See 19 U.S.C. § 1677.

<sup>40</sup> See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

<sup>41</sup> The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party include the following:

- (1) the percentage of domestic production attributable to the importing producer;
- (2) the reason the U.S. producer has decided to import the product subject to investigation (whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market);
- (3) whether inclusion or exclusion of the related party will skew the data for the rest of the industry;
- (4) the ratio of import shipments to U.S. production for the imported product; and
- (5) whether the primary interest of the importing producer lies in domestic production or importation. *Changzhou Trina Solar Energy Co. v. USITC*, 100 F. Supp.3d 1314, 1326-31 (Ct. Int'l. Trade 2015); see also *Torrington Co. v. United States*, 790 F. Supp. at 1168.

*Prior Proceedings.* In the original investigation, the Commission found a single domestic industry, consisting of all domestic producers of xanthan gum.<sup>42</sup> The Commission considered whether appropriate circumstances existed to exclude petitioner CP Kelco from the domestic industry as a related party.<sup>43</sup> It determined that CP Kelco was subject to possible exclusion under the related parties provision because it imported xanthan gum from China during the period of investigation (“POI”) and because its wholly owned subsidiary, CP Kelco (Shandong) Biological Co., Ltd. (“CP Kelco Shandong”), produced xanthan gum in China and exported it to the United States.<sup>44</sup> However, the Commission found that although CP Kelco’s subject import quantities during the POI were not insubstantial,<sup>45</sup> its principle interest was in domestic production.<sup>46</sup> Consequently, the Commission found that appropriate circumstances did not exist to exclude CP Kelco from the domestic industry, and defined the domestic industry as all U.S. producers of the domestic like product.<sup>47</sup>

In the first review, CP Kelco again qualified for possible exclusion under the related parties provision because it was a U.S. importer of subject merchandise and wholly owned a Chinese producer and exporter of xanthan gum.<sup>48</sup> The Commission again found that CP Kelco’s primary interest was in domestic production based on the \*\*\* ratio of its subject imports to its domestic production in 2017,<sup>49</sup> its status as the largest domestic producer that year,<sup>50</sup> and its support for continuation of the order.<sup>51</sup> Accordingly, the Commission found that appropriate circumstances did not exist to exclude CP Kelco from the domestic industry under the related parties provision and again defined the domestic industry as consisting of all U.S. producers of xanthan gum.<sup>52</sup>

---

<sup>42</sup> Original Determination, USITC Pub. 4411 at 7; First Review, USITC Pub. 4839 at 9.

<sup>43</sup> Original Determination, USITC Pub. 4411 at 7.

<sup>44</sup> Original Determination, USITC Pub. 4411 at 8.

<sup>45</sup> Original Determination, USITC Pub. 4411 at 7. CP Kelco’s imports of subject merchandise from China, which declined irregularly during the POI, were \*\*\* pounds in 2010, \*\*\* pounds in 2011, and \*\*\* pounds in 2012. Confidential Opinion in *Xanthan Gum from Austria and China*, Inv. Nos. 731-TA-1202-03 (Final), EDIS Doc. No. 809736 at 11 (July 2013) (“Confidential Original Determination”).

<sup>46</sup> Original Determination, USITC Pub. 4411 at 7. CP Kelco was the largest domestic producer in 2012, accounting for \*\*\* percent of domestic production, and reported that it invested in the Chinese production facility “as its initial attempt to compete with low-priced subject imports by providing a sourcing alternative for the lowest-priced applications.” Confidential Original Determination at 11. Its ratio of total subject imports to domestic production, which declined irregularly during the POI, was \*\*\* percent in 2010, \*\*\* percent in 2011, and \*\*\* percent in 2012. *Id.*

<sup>47</sup> Original Determination, USITC Pub. 4411 at 11.

<sup>48</sup> First Review, USITC Pub. 4839 at 9.

<sup>49</sup> First Review, USITC Pub. 4839 at 9. The ratio of CP Kelco’s subject imports to its domestic production was \*\*\* percent in 2017. Confidential First Review at 11.

<sup>50</sup> First Review, USITC Pub. 4839 at 9. CP Kelco produced \*\*\* pounds of xanthan gum that accounted for \*\*\* percent of total U.S. production in 2017. Confidential First Review at 12.

<sup>51</sup> First Review, USITC Pub. 4839 at 9.

<sup>52</sup> First Review, USITC Pub. 4839 at 9.

*The Current Review.* In this five-year review, CP Kelco is subject to possible exclusion under the related parties provision because it imported \*\*\* pounds of subject xanthan gum in 2022, accounting for \*\*\* percent of subject imports from China that year.<sup>53</sup> The domestic interested party argues that the Commission should adopt the domestic industry definition from the prior proceedings, and not exclude CP Kelco from the domestic industry pursuant to the related parties provision.<sup>54</sup> The respondent interested party takes no position on the definition of the domestic industry or the related parties issue.<sup>55</sup> We consider below whether appropriate circumstances exist to exclude CP Kelco.

In 2022, CP Kelco was the only domestic producer of xanthan gum, and it supports continuation of the order.<sup>56</sup> Its ratio of subject imports to domestic production was \*\*\* percent that same year.<sup>57</sup>

Given CP Kelco's \*\*\* ratio of subject imports to domestic production, its primary interest appears to be in domestic production. Nor is there any evidence on the record that including CP Kelco in the domestic industry would skew the industry data or mask injury to the domestic industry. Indeed, CP Kelco is the only domestic producer of the domestic like product, and thus excluding CP Kelco from the domestic industry would leave no domestic industry to analyze in this review. For all these reasons, and in the absence of any contrary argument, we find that appropriate circumstances do not exist to exclude CP Kelco from the domestic industry.

In sum, consistent with our definition of the domestic like product, we again define the domestic industry as all U.S. producers of xanthan gum.

---

<sup>53</sup> CR/PR at Tables I-5, I-7; Domestic Interested Party's Response at 3, 21, Exhibit 12. CP Kelco is also affiliated with a subject producer and exporter of xanthan gum, CP Kelco Shandong. Domestic Interested Party's Response at 3, 21, Exhibit 13. CP Kelco is affiliated with CP Kelco Shandong through their ultimate shareholding entity, JM Huber, Inc., a U.S. corporation located in New Jersey. Domestic Interested Party's Response at 21. There is no information on the record concerning whether the degree of control between CP Kelco and CP Kelco Shandong is sufficient for CP Kelco to qualify as a related party. Further, there is no record evidence that CP Kelco has been shielded by subject import competition through its affiliation with CP Kelco Shandong.

<sup>54</sup> Domestic Interested Party's Response at 22.

<sup>55</sup> Respondent Interested Party's Response at 6.

<sup>56</sup> Domestic Interested Party's Response at 22; CR/PR at Table I-2.

<sup>57</sup> CR/PR at I-11. CP Kelco has not indicated the reason that it imported xanthan gum from China during the POR. See Domestic Interested Party's Supplemental Response at 2.



### III. Revocation of the Antidumping Duty Order Would Likely Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

#### A. Legal Standards

In a five-year review conducted under section 751(c) of the Tariff Act, Commerce will revoke an antidumping or countervailing duty order unless: (1) it makes a determination that dumping or subsidization is likely to continue or recur and (2) the Commission makes a determination that revocation of the antidumping or countervailing duty order “would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.”<sup>58</sup> The SAA states that “under the likelihood standard, the Commission will engage in a counterfactual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports.”<sup>59</sup> Thus, the likelihood standard is prospective in nature.<sup>60</sup> The U.S. Court of International Trade has found that “likely,” as used in the five-year review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>61</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>62</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but

---

<sup>58</sup> 19 U.S.C. § 1675a(a).

<sup>59</sup> SAA at 883-84. The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” *Id.* at 883.

<sup>60</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>61</sup> See *NMB Singapore Ltd. v. United States*, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”), *aff’d* mem., 140 Fed. Appx. 268 (Fed. Cir. 2005); *Nippon Steel Corp. v. United States*, 26 CIT 1416, 1419 (2002) (same); *Usinor Industeel, S.A. v. United States*, 26 CIT 1402, 1404 nn.3, 6 (2002) (“more likely than not” standard is “consistent with the court’s opinion;” “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); *Indorama Chemicals (Thailand) Ltd. v. United States*, 26 CIT 1059, 1070 (2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); *Usinor v. United States*, 26 CIT 767, 794 (2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>62</sup> 19 U.S.C. § 1675a(a)(5).

normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis in original investigations.”<sup>63</sup>

Although the standard in a five-year review is not the same as the standard applied in an original investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>64</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if an order is revoked or a suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>65</sup> The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination.<sup>66</sup>

In evaluating the likely volume of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>67</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.<sup>68</sup>

In evaluating the likely price effects of subject imports if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as

---

<sup>63</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” *Id.*

<sup>64</sup> 19 U.S.C. § 1675a(a)(1).

<sup>65</sup> 19 U.S.C. § 1675a(a)(1). Commerce has made no duty absorption findings. Issues and Decision Memorandum from Xanthan Gum from the People’s Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order at 4, Case No. A-570-985, EDIS Doc. No. 815863 (Jan. 29, 2024).

<sup>66</sup> 19 U.S.C. § 1675a(a)(5). Although the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>67</sup> 19 U.S.C. § 1675a(a)(2).

<sup>68</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

compared to the domestic like product and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>69</sup>

In evaluating the likely impact of imports of subject merchandise if an order under review is revoked and/or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to the following: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>70</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry. As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the orders under review and whether the industry is vulnerable to material injury upon revocation.<sup>71</sup>

The record contains limited new information with respect to the xanthan gum industry in China. There also is limited information on the xanthan gum market in the United States during the period of review (“POR”). Accordingly, for our determination, we rely as appropriate on the facts available from the original investigation and prior review, and the limited new information on the record in this second five-year review.

## **B. Conditions of Competition and the Business Cycle**

In evaluating the likely impact of the subject imports on the domestic industry if an order is revoked, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>72</sup> The following conditions of competition inform our determination.

---

<sup>69</sup> See 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA at 886.

<sup>70</sup> 19 U.S.C. § 1675a(a)(4).

<sup>71</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>72</sup> 19 U.S.C. § 1675a(a)(4).

## 1. Demand Conditions

*Prior Proceedings.* In the original investigation, the Commission found that demand for xanthan gum was driven by demand in the major end-use segments of the U.S. market, including food and beverage, oilfield, industrial, consumer, and pharmaceutical.<sup>73</sup> The largest segments of the U.S. market for xanthan gum were the oilfield and food and beverage market segments.<sup>74</sup> The Commission found that the overall increase in demand had resulted from increases in demand in the oilfield segment, which had replaced the food and beverage segment as the largest segment of the U.S. market by 2012; further, demand in the oilfield sector was expected to increase in the imminent future.<sup>75</sup> While other market segments experienced some growth over the period of investigation, they generally declined in terms of their share of the overall market.<sup>76</sup> The Commission found that apparent U.S. consumption of xanthan gum decreased from 55.3 million pounds in 2010 to 54.5 million pounds in 2011, but then increased to 74.0 million pounds in 2012.<sup>77</sup>

In the first review, the Commission found that the record in that review indicated that the drivers of demand for xanthan gum in the U.S. market had not changed from those in the original investigation.<sup>78</sup> Apparent U.S. consumption in 2017 was \*\*\* pounds, which was \*\*\* percent higher than in 2012 and \*\*\* percent higher than in 2010.<sup>79</sup>

*The Current Review.* The record in this review indicates that the drivers of demand for xanthan gum in the U.S. market remain largely unchanged.<sup>80</sup> Demand for xanthan gum remains closely tied to demand for food and beverage, oilfield, industrial, consumer, and pharmaceutical products.<sup>81</sup>

Apparent U.S. consumption of xanthan gum was \*\*\* pounds in 2022, down from \*\*\* pounds in 2017.<sup>82</sup>

---

<sup>73</sup> Original Determination, USITC Pub. 4411 at 16.

<sup>74</sup> Original Determination, USITC Pub. 4111 at 16.

<sup>75</sup> Original Determination, USITC Pub. 4411 at 17.

<sup>76</sup> Original Determination, USITC Pub. 4411 at 17.

<sup>77</sup> Original Determination, USITC Pub. 4411 at 17.

<sup>78</sup> First Review, USITC Pub. 4839 at 13.

<sup>79</sup> Confidential First Review at 18-19.

<sup>80</sup> See CR/PR at I-6; Domestic Interested Party's response at 7; see generally Respondent Interested Party's Response at Exhibit 2.

<sup>81</sup> CR/PR at I-6; Domestic Interested Party's Response at 7. According to a November 2023 report by IMR International (an industrial market research and consulting company in food hydrocolloids) submitted by the respondent interested party (the "IMR International Report"), \*\*\*. Respondent Interested Party's Response at Exhibit 2 at 10.

<sup>82</sup> CR/PR at Table I-6.

## 2. Supply Conditions

*Prior Proceedings.* During the original investigation, the Commission observed that only four countries produced xanthan gum: the United States, China, Austria, and France.<sup>83</sup> The Commission also determined that subject imports supplied the largest share of the U.S. market throughout the POI, followed by the domestic industry and nonsubject imports.<sup>84</sup>

The Commission found that two U.S. firms produced xanthan gum,<sup>85</sup> and that the domestic industry's share of apparent U.S. consumption was \*\*\* percent in 2010, \*\*\* percent in 2011, and \*\*\* percent in 2012.<sup>86</sup> There were \*\*\* Chinese producers of xanthan gum, and the market share of subject imports from China was 41.6 percent in 2010, 43.8 percent in 2011, and 45.7 percent in 2012.<sup>87</sup> The Commission observed that both the domestic industry and subject imports supplied large quantities to the food and beverage and oilfield segments of the U.S. market, and also supplied the smaller industrial and consumer segments.<sup>88</sup> Finally, nonsubject imports' market share – mostly comprised of imports from France for the food and beverage segment – decreased from \*\*\* percent in 2010 to \*\*\* percent in 2012.<sup>89</sup>

In the first review, the domestic interested parties identified two known and operating U.S. producers of xanthan gum: ADM and CP Kelco.<sup>90</sup> The domestic industry's share of apparent U.S. consumption was the largest in 2017, at \*\*\* percent, followed by subject imports, at \*\*\* percent.<sup>91</sup> Nonsubject imports possessed the smallest share of apparent U.S. consumption, at \*\*\* percent.<sup>92</sup> The Commission also noted that xanthan gum from China was not subject to other antidumping or countervailing duty investigations outside the United States.<sup>93</sup>

*The Current Review.* In 2022, nonsubject imports were the largest source of supply in the U.S. market, followed by subject imports and the domestic industry.<sup>94</sup> Xanthan gum

---

<sup>83</sup> Original Determination, USITC Pub. 4411 at 17.

<sup>84</sup> Original Determination, USITC Pub. 4411 at 17.

<sup>85</sup> In the preliminary phase of the original investigation, the Commission noted that there were three domestic producers: CP Kelco, Archer Daniels Midland (“ADM”), and Tate & Lyle. However, Tate & Lyle discontinued xanthan gum manufacturing in 2009 and hence did not produce the domestic like product during the POI for the final phase investigation. Original Determination, USITC Pub. 4411 at 6, n.31.

<sup>86</sup> Confidential Original Determination at 31.

<sup>87</sup> Confidential Original Determination at 32. There was also one Austrian producer, and the cumulated subject imports' market share increased from \*\*\* percent to \*\*\* percent over the POI. Id. As described in the background section, the Commission reached a negative determination on imports of xanthan gum from Austria. Original Determination, USITC Pub. 4411 at 21.

<sup>88</sup> Original Determination, USITC pub. 4411 at 18.

<sup>89</sup> Confidential Original Determination at 32.

<sup>90</sup> First Review, USITC Pub. 4839 at 13.

<sup>91</sup> Confidential First Review at 19.

<sup>92</sup> Confidential First Review at 19.

<sup>93</sup> First Review, USITC Pub. 4839 at 14.

<sup>94</sup> CR/PR at Table I-6.

continues to be produced only in the United States, China, Austria, and France.<sup>95</sup>

ADM ceased U.S. production of xanthan gum in 2021.<sup>96</sup> The domestic industry, consisting of CP Kelco, accounted for \*\*\* percent of apparent U.S. consumption in 2022, down from \*\*\* percent in 2017.<sup>97</sup> The domestic industry's production capacity was \*\*\* pounds in 2022, down from \*\*\* pounds in 2017.<sup>98</sup> Although GPI claims that there is a "severe shortage" of xanthan gum in the U.S. market, CP Kelco possessed \*\*\* excess capacity in 2022, with a capacity utilization rate of only \*\*\* percent.<sup>99</sup>

Subject imports accounted for \*\*\* percent of apparent U.S. consumption in 2022, up from \*\*\* percent in 2017.<sup>100</sup>

Nonsubject imports accounted for \*\*\* percent of apparent U.S. consumption in 2022, up from \*\*\* percent in 2017.<sup>101</sup> The largest sources of nonsubject imports in 2022 were Austria and France.<sup>102</sup>

### 3. Substitutability and Other Conditions

*Prior Proceedings.* In the original investigation, a majority of market participants reported that subject imports from China were always or frequently interchangeable with domestically produced xanthan gum.<sup>103</sup> The Commission found that there was somewhat limited substitutability among the various grades of xanthan gum because lower-level purity grades (such as those used in the oilfield segment) could not be used in applications that required higher purity levels (such as food products) due to government regulations and customer specifications.<sup>104</sup> The Commission also observed that the higher purity grades of xanthan gum, which were used in food, consumer, and pharmaceutical applications, could be substituted for lower purity grades of xanthan gum in oilfield applications, although doing so was not viewed as cost-effective by industry participants.<sup>105</sup> The Commission found that there

---

<sup>95</sup> See Domestic Interested Party's Response at 6-7, Exhibit 14.

<sup>96</sup> CR/PR at Table I-3; Domestic Interested Party's Response at 19 and Exhibit 14.

<sup>97</sup> CR/PR at I-9, Table I-6; Domestic Interested Party's Response at 19; Respondent Interested Party's Response at 3.

<sup>98</sup> CR/PR at Table I-4.

<sup>99</sup> Respondent Interested Party's Response at 3; CR/PR at Table I-4.

<sup>100</sup> CR/PR at Table I-6.

<sup>101</sup> CR/PR at Table I-6.

<sup>102</sup> CR/PR at Table I-5. As noted above, Austria and France are the only countries besides the United States and China that produce xanthan gum. See Domestic Interested Party's Response at 6-7, Exhibit 14. It is possible that the imports from Canada listed in Table I-5 are re-exports of xanthan gum from Austria, France, or China. Respondent Interested Party's Response at Exhibit 2 at 6.

<sup>103</sup> Original Determination, USITC Pub. 4411 at 18.

<sup>104</sup> Original Determination, USITC Pub. 4411 at 18.

<sup>105</sup> Original Determination, USITC Pub. 4411 at 18-19.

was a greater degree of substitutability between subject imports and the domestic like product within a particular segment.<sup>106 107</sup>

In the original investigation, market participants reported differing views as to the importance of non-price factors in purchasing decisions.<sup>108</sup> The Commission found that while quality was often the first consideration in purchasing decisions, followed by price and availability, the majority of U.S. purchasers viewed the quality of the domestic like product and the subject merchandise as comparable.<sup>109</sup> Consequently, the Commission found that price was of at least moderate importance in purchasing decisions.<sup>110</sup>

The Commission also observed that the domestic industry exported a significant quantity of its xanthan gum production during the POI, with export shipments ranging from \*\*\* percent to \*\*\* percent of total shipments.<sup>111</sup> Finally, the Commission found that raw material costs, which constituted a relatively small share of the cost of xanthan gum, increased over the period of investigation due in large part to the increase in the price of corn.<sup>112</sup>

In the first review, the Commission found that there was no new information to suggest any changes since the original investigation regarding substitutability between the domestic like product and subject imports, the importance of price, or other conditions relevant to xanthan gum in the U.S. market.<sup>113</sup> Accordingly, the Commission again found that subject imports and the domestic like product were generally substitutable within a particular application, and that price is at least moderately important in purchasing decisions.

*The Current Review.* The record in this review contains no new information to indicate that the degree of substitutability between the domestic like product and subject imports or

---

<sup>106</sup> Original Determination, USITC Pub. 4411 at 19.

<sup>107</sup> Commissioners Pinkert and Broadbent did not join this sentence given their finding that Austrian and Chinese xanthan gum are not substitutable within the food and beverage segment. Original Determination, USITC Pub. 4411 at 19, n.122.

<sup>108</sup> Original Determination, USITC Pub. 4411 at 19. Ten of 14 U.S. importers and 13 of 28 U.S. purchasers reported that differences in non-price factors between domestically produced xanthan gum and subject imports from China were always or frequently important; four importers and 15 purchasers reported that they were sometimes or never important. *Id.* at 19, n.124.

<sup>109</sup> Original Determination, USITC Pub. 4411 at 19. Twenty-three of 28 U.S. purchasers reported that subject imports from China were comparable with domestically produced xanthan gum in terms of quality meeting industry standards. *Id.* at 19, n.126.

<sup>110</sup> Original Determination, USITC Pub. 4411 at 19. The Commission also noted that qualification standards were a factor in the U.S. market, with 26 out of 27 purchasers requiring qualification processes for their suppliers of xanthan gum. *Id.* The record indicated that the pharmaceutical sector had the most stringent qualification requirements, that purchasers in the food and beverage segment also tended to have more stringent processes, including FDA approval, and sometimes required requalification for different uses, while the oilfield sector generally required less stringent qualification. *Id.* at 19-20. However, if multiple producers met a purchaser's qualification standard for a certain product or segment, price gained importance as a purchasing factor. *Id.* at 20.

<sup>111</sup> Confidential Original Determination at 35.

<sup>112</sup> Original Determination, USITC Pub. 4411 at 20.

<sup>113</sup> First Review, USITC Pub. 4839 at 15.

the importance of price in purchasing decisions has changed since the prior proceedings. The domestic interested party argues that these conditions of competition in the U.S. market for xanthan gum remain unchanged.<sup>114</sup> The respondent interested party takes no position.<sup>115</sup>

Accordingly, we again find that subject imports and the domestic like product are generally substitutable within a particular application, and that price is at least moderately important in purchasing decisions.

Effective September 24, 2018, xanthan gum originating in China became subject to an additional 10 percent *ad valorem* duty under section 301 of the Trade Act of 1974.<sup>116</sup> Effective May 10, 2019, the section 301 duty for xanthan gum increased to 25 percent *ad valorem*.<sup>117</sup> Additionally, on December 23, 2021, the Uyghur Forced Labor Prevention Act (“UFLPA”) was enacted, establishing a rebuttable presumption that goods produced wholly or in part in China’s Xinjiang Uyghur Autonomous Region, or by certain entities, are prohibited from importation into the United States.<sup>118</sup> \*\*\*<sup>119</sup>

### C. Likely Volume of Subject Imports

*Prior Proceedings.* In the original investigation, the Commission observed that China maintained a growing and significant presence in the U.S. market throughout the POI.<sup>120</sup> The volume of subject imports from China increased by 46.8 percent during the POI, from 23.0 million pounds in 2010, or 41.6 percent of apparent U.S. consumption, to 23.9 million pounds in 2011, or 43.8 percent of U.S. consumption, and to 33.8 million pounds in 2012, or 45.7 percent of apparent U.S. consumption.<sup>121</sup> The Commission also found that additional volumes in the oilfield sector were likely in the imminent future, and that subject imports from China gained market share at the expense of the domestic industry in the other sectors.<sup>122</sup>

The Commission found that substantial unused Chinese xanthan gum capacity<sup>123</sup> and inventories<sup>124</sup> would likely be directed to the U.S. market, given the increase over the POI in

---

<sup>114</sup> Domestic Interested Party’s Response at 6-7.

<sup>115</sup> See *generally* Respondent Interested Party’s Response.

<sup>116</sup> CR/PR at I-5.

<sup>117</sup> CR/PR at I-5. Xanthan gum is not subject to additional duties or quotas under section 232 of the Trade Expansion Act of 1962, as amended. *Id.* Xanthan gum from China has not been subject to any known trade actions in third country markets. *Id.* at I-17.

<sup>118</sup> CR/PR at Table I-8.

<sup>119</sup> CR/PR at Table I-8.

<sup>120</sup> Original Determination, USITC Pub. 4411 at 21.

<sup>121</sup> Original Determination, USITC Pub. 4411 at 21.

<sup>122</sup> Original Determination, USITC Pub. 4411 at 21-22.

<sup>123</sup> The Chinese producers reported \*\*\* pounds of excess capacity in 2012, and this was projected to grow to \*\*\* million pounds in 2013 and 2014. Confidential Original Determination at 40-41. The Commission noted that questionnaire data likely understated total available Chinese capacity because it did not receive a response from the largest Chinese xanthan gum producer. Original Determination, USITC Pub. 4411 at 22-23.



subject import volume, the gain in subject import market share at the expense of the domestic industry in most segments of the market, and the fact that the United States was the largest single export market for Chinese xanthan gum.<sup>125</sup> Therefore, the Commission concluded that the Chinese producers had both the ability and incentive to increase significantly the volume and market penetration of subject imports from China in the imminent future.<sup>126</sup>

In the first review, the Commission found that subject imports maintained a substantial presence in the U.S. market, despite the antidumping duty order.<sup>127</sup> Subject imports of xanthan gum from China totaled 34.9 million pounds in 2013, 28.0 million pounds in 2014, 26.4 million pounds in 2015, 22.4 million pounds in 2016, and 26.7 million pounds in 2017.<sup>128</sup> Subject imports' market share was \*\*\* percent in 2017, and it fluctuated between 41.6 percent and 45.7 percent during the original investigation.<sup>129</sup> The Commission found that subject imports from China had the ability and incentive to capture additional market share within a reasonably foreseeable time if the order were revoked because the three largest Chinese producers had an estimated aggregate production capacity of \*\*\* in 2015,<sup>130</sup> available Global Trade Atlas ("GTA") data indicated that China's xanthan gum industry was export oriented and the world's largest supplier of xanthan gum,<sup>131</sup> Chinese producers had the ability to shift production between xanthan gum and other products,<sup>132</sup> and China was the single largest source of xanthan gum imports to the United States.<sup>133</sup>

Based on these factors, the Commission found that subject producers would likely increase their exports to the United States to a significant level if the order were revoked.<sup>134</sup>

*The Current Review.* The record indicates that subject imports from China maintained a significant presence in the U.S. market throughout the POR, while under the disciplining effect of the order. Subject imports decreased irregularly during the period, from 38.3 million pounds in 2018, to 27.0 million pounds in 2019, and 20.7 million pounds in 2020, then increased to 27.1 million pounds in 2021 before decreasing again to 20.9 million pounds in 2022.<sup>135</sup> Subject imports from China accounted for \*\*\* percent of apparent U.S. consumption in 2022.<sup>136</sup>

The record in this five-year review contains limited information on the subject industry in China. The information available, however, indicates that subject producers have the ability

---

(...Continued)

<sup>124</sup> Chinese producers reported \*\*\* pounds of inventories in 2012, and anticipated inventories of \*\*\* pounds in 2013 and \*\*\* pounds in 2014. Confidential Original Determination at 41.

<sup>125</sup> Original Determination, USITC Pub. 4411 at 23.

<sup>126</sup> Original Determination, USITC Pub. 4411 at 23.

<sup>127</sup> First Review, USITC Pub. 4839 at 16.

<sup>128</sup> First Review, USITC Pub. 4839 at 16.

<sup>129</sup> Confidential First Review at 23.

<sup>130</sup> Confidential First Review at 23.

<sup>131</sup> First Review, USITC Pub. 4839 at 16.

<sup>132</sup> First Review, USITC Pub. 4839 at 16.

<sup>133</sup> First Review, USITC Pub. 4839 at 16.

<sup>134</sup> First Review, USITC Pub. 4839 at 16-17.

<sup>135</sup> CR/PR at Table I-5.

<sup>136</sup> CR/PR at Table I-6.

and incentive to increase their exports of xanthan gum to the U.S. market if the order were revoked. The domestic interested party has identified five possible producers of xanthan gum in China.<sup>137</sup> According to information from company websites submitted by the domestic interested party, subject producers in China possess large and increasing capacities and are expanding exports to global markets, including the United States.<sup>138</sup> According to a report issued by Transparency Market Research in 2019 and submitted by the domestic interested party, the three largest producers of xanthan gum in China, Fufeng, Deosen, and Meihua, had an estimated aggregate capacity level ranging from \*\*\* metric tons in 2018.<sup>139</sup> The IMR International Report indicates that overall Chinese production of xanthan gum, at \*\*\* tons in 2022, accounted for over \*\*\* of global production volume that year.<sup>140</sup> That same report states that the four major Chinese producers, Fufeng, Deosen, Meihua, and Jianlong, possessed an aggregate capacity of \*\*\* tons in 2022, with capacity utilization rates ranging from \*\*\* percent.<sup>141</sup> Based on this information, the Chinese industry would have possessed excess capacity of \*\*\* tons that year, equivalent to over \*\*\* apparent U.S. consumption.<sup>142</sup> Additionally, Chinese producers have demonstrated the ability to shift production capacity between xanthan gum and other products; for example, according to its 2017 Annual Report, Fufeng changed part of its xanthan gum production lines to amino acid products in response to market conditions.<sup>143</sup>

The information available also indicates that subject producers in China are large exporters. GTA data for HS subheading 3913.90, which includes xanthan gum and out of scope products, indicate that China was the largest exporter of such merchandise throughout the POR, with exports more than three times greater than those of the next largest exporting country in 2022.<sup>144</sup> These data also show that exports of such merchandise from China fluctuated within a narrow band from 2018 to 2021, before increasing substantially from 301.9 million pounds in 2021 to 379.2 million pounds in 2022, a level 24.4 percent higher than in 2018.<sup>145</sup>

---

<sup>137</sup> Domestic Interested Party's Response at Exhibit 9.

<sup>138</sup> Domestic Interested Party's Response at Exhibits 4, 5, 7; CR/PR at Table I-8. As of 2018, Doesen Biochemical Ltd. ("Doesen") claimed a capacity of 48,000 tons of xanthan gum covering a variety of segments of the xanthan gum market. Domestic Interested Party's Response at Exhibit 7. From December 2022 to December 2023, Fufeng expanded its xanthan gum production capacity from 65,000 metric tons to 80,000 metric tons. CR/PR at Table I-8; Domestic Interested Party's Response at Exhibit 4.

<sup>139</sup> Domestic Interested Party's Response at Exhibit 3.

<sup>140</sup> Respondent Interested Party's Response at Exhibit 2 at 10. These data appear to be for 2022, although the report does not specify the year. *See id.*

<sup>141</sup> Respondent Interested Party's Response at Exhibit 2 at 9. That report also notes that, "[d]espite expansion of capacity by CP Kelco over the years, it has been unable to keep up with the onslaught of new producers and new capacity added, particularly in China." *Id.*

<sup>142</sup> Respondent Interested Party's Response at Exhibit 2 at 9; CR/PR at Table I-6.

<sup>143</sup> Domestic Interested Party's Response at 11-12, Exhibit 4.

<sup>144</sup> CR/PR at Table I-10.

<sup>145</sup> CR/PR at Table I-10.

Available information also indicates that the U.S. market remains attractive to subject producers. Subject imports maintained a substantial presence in the U.S. market throughout the POR, accounting for \*\*\* percent of apparent U.S. consumption in 2022,<sup>146</sup> reflecting both continued interest in the U.S. market on the part of subject producers and ready distribution networks and customers in the United States. According to GTA data, the United States was the second-largest destination market for Chinese exports of merchandise under HS subheading 3913.90, which includes both xanthan gum and out-of-scope products, throughout the POR with the exception of 2018 and 2020, when the United States was the first- and third-largest destination market for Chinese exports of such merchandise, respectively.<sup>147</sup> Fufeng's 2023 Interim Report, submitted by the domestic interested party, indicates that it recently launched a regional marketing center in the United States to serve its U.S. customers directly.<sup>148</sup>

Given the foregoing, including the significant and increasing volume and market share of subject imports during the original investigation, the continued significant presence of subject

---

<sup>146</sup> CR/PR at Table I-6.

<sup>147</sup> CR/PR at Table I-9.

<sup>148</sup> Domestic Interested Party's Response at 14, Exhibit 4.

<sup>149</sup> We are unpersuaded by the respondent interested party's argument that the UFLPA has "effectively banned xanthan gum from China" because it forbids importation of products from Xinjiang, where two Chinese producers have manufacturing facilities for xanthan gum. Respondent Interested Party's Response at 3. After the UFLPA was enacted in December 2021 and became effective in June 2022, subject imports from China remained at 20.9 million pounds in 2022, accounting for \*\*\* percent of apparent U.S. consumption that year, as noted above. CR/PR at Table I-6. Additionally, GPI acknowledges that one of the three major Chinese producers of xanthan gum is located outside Xinjiang and the IMR International report that it submitted indicates that \*\*\*. Respondent Interested Party's Response at Exhibit 2; Respondent Interested Party's Final Comments at 2. Accordingly, the available record does not indicate that the enactment of the UFLPA implies that the volume of imports would not likely be significant if the order were revoked.

We are also unpersuaded by GPI's argument that "the Chinese producers are clearly focusing their production on the domestic market as well as other global markets." Respondent Interested Party's Final Comments at 2-3. Not only did subject imports maintain a substantial presence in the U.S. market throughout the period of review, but, as discussed above, GTA data indicate that China was the largest exporter of merchandise under HS subheading 3913.90, which includes xanthan gum and out of scope products, throughout the period. CR/PR at Table I-10. The available record also reflects that the U.S. market remains attractive to subject producers.

Finally, we are unpersuaded by GPI's argument that "Section 301 tariffs . . . have more of a restraining effect on Chinese imports than the antidumping duty order."<sup>149</sup> We find that the section 301 duties are unlikely to prevent subject imports from entering at significant volumes if the order were revoked in light of the Chinese industry's large capacity, including excess capacity, and exports and the attractiveness of the U.S. market to subject producers. Indeed, section 301 duties did not prevent subject imports from increasing by 30.9 percent from 20.7 million pounds in 2020 to 27.1 million pounds in 2021, or from supplying \*\*\* percent of apparent U.S. consumption in 2022. See CR/PR at Tables I-5, I-6.

imports in the U.S. market during the POR, the subject industry's substantial capacity, including excess capacity, and large volume of exports, and the attractiveness of the U.S. market to subject producers, we find that the volume of imports would likely be significant, both in absolute terms and relative to consumption in the United States, if the order were revoked.<sup>150</sup>

#### **D. Likely Price Effects**

*Prior Proceedings.* In the original investigation, the Commission found that xanthan gum from different sources were generally good substitutes for a particular application and that price was of at least moderate importance in purchasing decisions.<sup>151</sup> The Commission observed a pattern of significant underselling by subject imports from China during the POI across all market segments, and pervasive underselling for high-volume oilfield product where sales in the U.S. market were most concentrated.<sup>152</sup> Subject imports undersold the domestic like product in 108 of 127 comparisons, or in \*\*\* percent of such comparisons.<sup>153</sup> Based on the data, the Commission concluded that subject imports from China were likely to significantly undersell the domestic like product in the imminent future.<sup>154</sup>

The Commission also observed that pricing pressure from underselling by subject imports contributed to the domestic producers' inability to increase prices in tandem with raw material costs, and that \*\*\* lowered prices in the second half of 2012 to remain competitive with subject imports from China in the price-sensitive oilfield segment of the market.<sup>155</sup> The Commission found that continued or intensified underselling by subject imports from China would likely put downward pressure on domestic prices in the imminent future, resulting in significant price-depressing or price-suppressing effects.<sup>156</sup>

In the first review, the Commission found that subject imports from China and the domestic like product were generally good substitutes for a particular application, and that price continued to be an important factor in purchasing decisions.<sup>157</sup> Noting the attractiveness of the U.S. market and the importance of price, the Commission found that if the order were revoked, subject producers would likely resume their behavior from the original investigation and undersell domestically produced xanthan gum to gain market share.<sup>158</sup> Based on the substitutability between the domestic like product and subject imports and the importance of price to purchasing decisions, the Commission concluded that the likely significant volume of low-priced subject imports would likely have significant depressing or suppressing effects on

---

<sup>150</sup> The record of this expedited review contains no information concerning inventories of subject merchandise.

<sup>151</sup> Original Determination, USITC Pub. 4411 at 25.

<sup>152</sup> Original Determination, USITC Pub. 4411 at 26.

<sup>153</sup> Confidential Original Determination at 49.

<sup>154</sup> Original Determination, USITC Pub. 4411 at 26-27.

<sup>155</sup> Confidential Original Determination at 50.

<sup>156</sup> Original Determination, USITC Pub. 4411 at 27.

<sup>157</sup> First Review, USITC Pub. 4839 at 17.

<sup>158</sup> First Review, USITC Pub. 4839 at 17-18.

prices for the domestic like product and/or gain market share at the domestic industry's expense after revocation.<sup>159</sup>

*The Current Review.* As discussed in section II.B.3 above, we continue to find that subject imports and the domestic like product are generally substitutable within a particular application, and that price is at least moderately important in purchasing decisions.

The record in this expedited review does not contain recent product-specific pricing information. Given that subject imports and the domestic like product are generally substitutable within a particular application, and that price is at least moderately important in purchasing decisions, we find that the likely significant volume of subject imports would likely undersell the domestic like product to a significant degree, as during the original investigation, as a means of gaining market share.<sup>160</sup> Absent the discipline of the order, the likely significant volume of low-priced subject imports would force the domestic industry to lower prices or forgo needed price increases, or else lose sales and market share to subject imports. Consequently, we find that if the order were revoked, subject imports would likely have significant price effects.

## **E. Likely Impact**

*Prior Proceedings.* In the original determination, the Commission concluded that subject imports from China threatened material injury to the domestic industry in the imminent future, based on the likely substantial increase in subject import volume and the likely adverse price effects.<sup>161</sup> The Commission found that lost sales would negatively affect the domestic industry's production, shipments, employment, and inventories; moreover, the Commission found that suppressed or depressed prices would negatively affect the domestic industry's revenues, profits, and ability to make capital improvements.<sup>162</sup>

The Commission considered the role of other factors so as not to attribute likely injury from these factors to the subject imports. Specifically, the Commission considered whether

---

<sup>159</sup> First Review, USITC Pub. 4839 at 18.

<sup>160</sup> The domestic interested party argues that the average unit value ("AUV") of Chinese imports has continued to steadily decline since the imposition of the order. Domestic Interested Party's Response at 16. Specifically, the domestic interested party claims that the AUV of Chinese imports was 25 percent lower in 2017 than in 2014 and dropped further from \$1.57 per pound in 2018 to \$1.56 per pound in 2022. *Id.* at 16-17. The domestic interested party additionally claims that the AUV of xanthan gum imported from China was \$0.93 per pound less than that of imports from Austria and \$3.55 per pound less than that of imports from France. *Id.* at 17, Exhibit 1.

In addition, although the respondent interested party argues that "GPI's specialty custom-made further-manufactured downstream products are higher-priced than any U.S. or Chinese produced basic xanthan gum," the volume of such imports in 2022, \*\*\* pounds, accounted for only \*\*\* percent of subject imports from China that year. Respondent Interested Party's Response at 3, 6; CR/PR at Table I-5.

<sup>161</sup> Original Determination, USITC Pub. 4411 at 31.

<sup>162</sup> Original Determination, USITC Pub. 4411 at 31.

other factors, including demand changes and nonsubject imports, would likely have an imminent adverse impact on the industry, and concluded that the impact of such factors would be limited.<sup>163</sup> The Commission underscored that likely changes in future demand would likely benefit the domestic industry and were not a credible alternative cause of future injury.<sup>164</sup> Moreover, the Commission found that given the declining market share of nonsubject imports throughout the POI, nonsubject sources were not likely to take significant market share or sales from the domestic industry, or depress or suppress domestic prices, in the imminent future.<sup>165</sup> In sum, the Commission acknowledged the presence of other factors, but found that they would not sever the requisite causal nexus between the subject imports from China and their likely impact on the domestic industry.<sup>166</sup>

In the first review, the Commission considered the limited information available on the domestic industry's performance in 2017 and found that it was insufficient to make a finding on whether the domestic industry was vulnerable to the continuation or recurrence of material injury if the order were revoked.<sup>167</sup> The Commission also found that if the order were revoked, the likely significant volume of subject imports that would significantly undersell the domestic like product would likely have a significant impact on the domestic industry.<sup>168</sup>

For its non-attribution analysis, the Commission found that demand was unlikely to be a cause of injury because demand was greater in 2017 than in 2012 and there was no evidence that demand was likely to decline.<sup>169</sup> While recognizing that nonsubject imports had increased their presence in the U.S. market since the original investigation, the Commission found that because the domestic industry maintained a substantial share of the U.S. market and competed head-to-head with subject imports, the likely increase in subject imports after revocation would likely take market share from the domestic industry as well as from nonsubject imports.<sup>170</sup>

*The Current Review.*<sup>171</sup> The record in this expedited review contains limited information concerning the domestic industry's performance since the last review.

The information available indicates that the domestic industry's performance was \*\*\* in terms of trade measures \*\*\* in terms of financial measures in 2022, as compared to its performance in the last years of the periods examined in the prior proceedings.<sup>172</sup> One of the

---

<sup>163</sup> Original Determination, USITC Pub. 4411 at 31.

<sup>164</sup> Original Determination, USITC Pub. 4411 at 31.

<sup>165</sup> Original Determination, USITC Pub. 4411 at 31.

<sup>166</sup> Original Determination, USITC Pub. 4411 at 31.

<sup>167</sup> First Review, USITC Pub. 4839 at 19.

<sup>168</sup> First Review, USITC Pub. 4839 at 19.

<sup>169</sup> First Review, USITC Pub. 4839 at 19.

<sup>170</sup> First Review, USITC Pub. 4839 at 19.

<sup>171</sup> In its expedited review, Commerce determined that revocation of the order would result in the continuation or recurrence of dumping, with margins up to 154.07 percent. *Xanthan Gum from the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order*, 89 Fed. Reg. 7363 (Feb. 2, 2024).

<sup>172</sup> We are unpersuaded by GPI's argument that "the margins of dumping for the largest Chinese producers have been either zero or relatively small in each of the administrative reviews conducted by" (Continued...)

two known U.S. producers of xanthan gum, Archer Daniels Midlands, ceased production of xanthan gum in 2021.<sup>173</sup> Of the remaining domestic industry in 2022, its capacity and production, at \*\*\* pounds and \*\*\* pounds, respectively, were lower in 2022 than in the prior proceedings, while its capacity utilization, at \*\*\* percent, was higher than in 2012 but lower than in 2017.<sup>174</sup>

The domestic industry's U.S. shipments, at \*\*\* pounds with a value of \$\*\*\*, were lower in 2022 than in the prior proceedings, but the average unit value ("AUV") of its U.S. shipments, at \$\*\*\* per pound, was higher.<sup>175</sup> <sup>176</sup> In 2022, the domestic industry's net sales value was lower than in the prior proceedings, at \$\*\*\*, as was its COGS to net sales ratio, at \*\*\* percent.<sup>177</sup> The domestic industry's gross profit, at \$\*\*\*, was higher than in 2017 but lower than in 2012, while its operating income, at \$\*\*\*, and operating income margin, at \*\*\* percent, were both higher in 2022 than in the prior proceedings.<sup>178</sup> The limited information on the record of this expedited review is insufficient for us to make a finding on whether the domestic industry is vulnerable to the continuation or recurrence of material injury in the event of revocation of the order.

---

(...Continued)

Commerce and that "{t}herefore, the antidumping order has not afforded CP Kelco any significant price advantage or affected its ability to realize a healthy \*\*\* percent profit in 2022." Respondent Interested Party's Final Comments at 3. As an initial matter, the dumping margins calculated by Commerce through administrative reviews reflect the disciplining effect of the order and are not predictive of what the dumping margins would be after revocation. Commerce has determined that dumping would likely continue or recur at margins of up to 154.07 percent if the order were revoked. *Issues and Decision Memorandum from Xanthan Gum from the People's Republic of China: Final Results of the Expedited Second Sunset Review of the Antidumping Duty Order* at 4, Case No. A-570-985, EDIS Doc. No. 815863 (Jan. 29, 2024). Furthermore, subject import volume was substantially lower during the POR, under the disciplining effect of the order, than during the original investigations, indicating that the order has had a restraining effect. See CR/PR at Table I-6. We find that the domestic industry's improved performance during the POR as compared to its performance during the original investigation is related to the disciplining effort of the order.

<sup>173</sup> CR/PR at Table I-3.

<sup>174</sup> CR/PR at Table I-4. In 2012, U.S. producers' capacity was \*\*\* pounds, its production was \*\*\* pounds, and its capacity utilization was \*\*\* percent. *Id.* In 2017, capacity and production dropped to \*\*\* pounds and \*\*\* pounds, respectively, but capacity utilization increased to \*\*\* percent. *Id.*

<sup>175</sup> CR/PR at Table I-4. In 2012, U.S. producers' shipments by volume and value were \*\*\* pounds and \$\*\*\*, respectively, with an AUV of \$\*\*\* per pound. *Id.* In 2017, the volume of U.S. shipments dropped to \*\*\* pounds but the value and AUV rose to \$\*\*\* and \$\*\*\* per pound, respectively. *Id.*

<sup>176</sup> CP Kelco states that the difference between production quantity and U.S. commercial shipment quantities was comprised of \*\*\*. Domestic Interested Party's Supplemental Response at 3.

<sup>177</sup> CR/PR at Table I-4. In 2012, U.S. producers' net sales value was \$\*\*\* and its COGS to net sales ratio was \*\*\* percent. *Id.* In 2017, U.S. producers' net sales value decreased to \$\*\*\* but its COGS to net sales ratio rose to \*\*\* percent. *Id.*

<sup>178</sup> CR/PR at Table I-4. In 2012, U.S. producers' gross profit, operating income, and operating income margin were \$\*\*\*, \$\*\*\*, and \*\*\* percent, respectively. *Id.* In 2017, U.S. producers' gross profit, operating income, and operating income margin all decreased, to \$\*\*\*, \*\*\*, and \*\*\* percent. *Id.*

Based on the information available on the record, we find that revocation of the order would likely result in a significant volume of subject imports that would likely undersell the domestic like product to a significant degree. Given that subject imports and the domestic like product are generally substitutable within a particular application, and that price is at least moderately important in purchasing decisions, significant volumes of low-priced imports would likely capture sales and market share from the domestic industry and/or force domestic producers to lower their prices or forgo needed price increases in order to maintain their sales, thereby depressing or suppressing prices for the domestic like product to a significant degree, were the order revoked. The likely significant volume of subject imports and their adverse price effects would negatively affect the domestic industry's capacity, production, capacity utilization, shipments, and market share, which would in turn negatively impact the industry's profitability and employment, as well as its ability to raise capital and make and maintain necessary capital investments. Consequently, we conclude that if the order were revoked, subject imports from China would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.<sup>179</sup>

We have also considered the role of factors other than subject imports, including the presence of nonsubject imports. Nonsubject imports have increased their presence in the U.S. market since the prior review, accounting for \*\*\* percent of apparent U.S. consumption in 2022 as compared to \*\*\* percent in 2017.<sup>180</sup> Nevertheless, the record provides no indication that the presence of nonsubject imports would prevent subject imports from China from being significant after revocation, given large size of the subject industry's capacity, production, and exports, and the attractiveness of the U.S. market. Given that subject imports and the domestic

---

<sup>179</sup> We are also unpersuaded by GPI's argument that revocation of the order would not have a significant impact on the domestic industry because the specialized products that GPI imports allegedly do not compete with either domestically produced or other subject imported xanthan gum. Respondent Interested Party's Response at 3. GPI has provided no evidence, other than conclusory statements, that the subject merchandise that it imports does not compete with domestically produced xanthan gum in the U.S. market. Respondent Interested Party's Response at 6. Even assuming *arguendo* that GPI's subject imports do not compete with the domestic industry, subject import competition would not likely be significantly attenuated by this factor after revocation given that GPI's imports accounted for only \*\*\* percent of total subject imports from China in 2022.

We also find unpersuasive GPI's claim that its imports are necessary because there is a "severe shortage" of xanthan gum in the U.S. market that the domestic industry is unable to fulfill. See Respondent Interested Party's Response at 2-3, Exhibit 2 at 2-3 (stating that \*\*\*). This assertion is belied by the domestic industry's excess capacity of \*\*\* pounds in 2022, when the industry had a capacity utilization rate of only \*\*\* percent. CR/PR at Table I-4. Further, to the extent that GPI also suggests that China is unable to meet U.S. demand for xanthan gum, see Respondent Interested Party's Response at 3, we observe that, as discussed above in section III.C., the information available indicates that Chinese producers have ample excess capacity with which they could increase their exports to the U.S. market after revocation.

<sup>180</sup> CR/PR at Table I-6. However, import volumes of nonsubject sources remained fairly steady during the POR, at 23.4 million pounds in 2018, 22.8 million pounds in 2019, 20.7 million pounds in 2020, 22.7 million pounds in 2021, and 22.6 million pounds in 2022. *Id.* at Table I-5.



like product are generally substitutable within a particular application, and that price is at least moderately important in purchasing decisions, the significant volume of low-priced subject imports that we have found likely after revocation would likely take market share from the domestic industry, as well as from nonsubject imports, and/or force domestic producers to either lower prices or forgo price increases to retain market share. Consequently, we find that any future effects of nonsubject imports would be distinct from the likely effects attributable to subject imports, and that nonsubject imports would not prevent subject imports from having a significant impact on the domestic industry.

We also recognize that apparent U.S. consumption of xanthan gum was \*\*\* percent lower in 2022 than in 2017.<sup>181</sup> Given that the subject imports and the domestic like product are generally substitutable within a particular application, and that price is at least moderately important in purchasing decisions, declining U.S. demand for xanthan gum would not prevent low-priced subject imports from China from being significant after revocation of the order, but rather a declining market would exacerbate the likely adverse impact of subject imports on the domestic industry.

In sum, we conclude that if the order were revoked, subject imports of xanthan gum from China would likely have a significant impact on the domestic industry within a reasonably foreseeable time.

#### **IV. Conclusion**

For the above reasons, we determine that the revocation of the antidumping duty order on xanthan gum from China would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

---

<sup>181</sup> *Derived from CR/PR at Table I-6.*



# Information obtained in this review

## Background

On October 2, 2023, the U.S. International Trade Commission (“Commission”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”),<sup>1</sup> that it had instituted a review to determine whether revocation of the antidumping duty order on xanthan gum from China would be likely to lead to continuation or recurrence of material injury.<sup>2</sup> All interested parties were requested to respond to this notice by submitting certain information requested by the Commission.<sup>3</sup> Table I-1 presents information relating to the background and schedule of this proceeding:

**Table I-1**  
**Xanthan gum: Information relating to the background and schedule of this proceeding**

Effective date	Action
October 2, 2023	Notice of initiation by Commerce (88 FR 67729 October 2, 2023)
October 2, 2023	Notice of institution by Commission (88 FR 67809, October 2, 2023)
January 5, 2024	Date for Commission’s vote on adequacy
February 2, 2024	Commerce’s result of its expedited review (89 FR 7363, February 2, 2024)
April 1, 2024	Commission’s determination and views

---

<sup>1</sup> 19 U.S.C. 1675(c).

<sup>2</sup> 88 FR 67809, October 2, 2023. In accordance with section 751(c) of the Act, the U.S. Department of Commerce (“Commerce”) published a notice of initiation of a five-year review of the subject antidumping orders. 88 FR 67729, October 2, 2023. Pertinent Federal Register notices are referenced in app. A, and may be found at the Commission’s website ([www.usitc.gov](http://www.usitc.gov)).

<sup>3</sup> As part of their response to the notice of institution, interested parties were requested to provide company-specific information. That information is presented in app. B. Summary data compiled in the original investigations are presented in app. C.

# Responses to the Commission’s notice of institution

## Individual responses

The Commission received two submissions in response to its notice of institution in the subject review. They were filed on behalf of the following entities:

1. CP Kelco U.S., Inc. (“CP Kelco”), a domestic producer of xanthan gum and U.S. importer of xanthan gum from China (referred to herein as “domestic interested party”).<sup>4</sup>
2. Gum Products International, Inc. (“GPI” or “respondent interested party”), a Canadian importer of downstream products manufactured in Canada containing xanthan gum from China, which U.S. Customs and Border Protection (“CBP”) has determined to be subject to the antidumping duty order.

A complete response to the Commission’s notice of institution requires that the responding interested party submit to the Commission all the information listed in the notice. Responding firms are given an opportunity to remedy or explain deficiencies in their responses and to provide clarifying details where appropriate. A summary of the number of responses and estimates of coverage for each is shown in table I-2.

**Table I-2**  
**Xanthan gum: Summary of responses to the Commission’s notice of institution**

Interested party type	Number	Coverage
U.S. producer	1	100%
U.S. importer (China)	1	***%
U.S. importer (Canada)	1	***%

Note: The U.S. producer coverage figure presented is the domestic interested party’s estimate of its share of total U.S. production of xanthan gum during 2022. Domestic interested party’s response to the notice of institution, November 1, 2023, p. 19.

Note: U.S. importer coverage figure presented for China, as provided by CP Kelco in its response, represents the firm’s estimated share of the quantity of its imports of xanthan gum from China. The U.S. importer coverage figure presented for Canada, as provided by GPI in its response, represents the firm’s estimated share of the quantity of imports of its xanthan-containing products compared to total U.S. imports of xanthan gum during 2022. Respondent interested party’s response to the notice of institution, November 1, 2023, p. 6 and exh. 1, and comments on adequacy, December 8, 2023, p.2.

---

<sup>4</sup> CP Kelco supports the continuation of the order covering imports of xanthan gum from China. CP Kelco is also affiliated with a foreign producer of xanthan gum in China, CP Kelco (Shandong) Biological Company Limited (“CP Kelco China”).

## Party comments on adequacy

The Commission received party comments on the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews from CP Kelco and GPI. Both CP Kelco and GPI request that the Commission conduct an expedited review of the antidumping and duty order on xanthan gum.<sup>5 6</sup>

## The original investigations

The original investigations resulted from a petition filed on June 5, 2012 with Commerce and the Commission by CP Kelco Atlanta, Georgia.<sup>7</sup> On June 4, 2013, Commerce determined that imports of xanthan gum from Austria and China were being sold at less than fair value (“LTFV”) and subsidized by the Government of Austria and China.<sup>8</sup> On July 12, 2013, the Commission determined that the domestic industry was not materially injured or threatened with material injury by reason of LTFV imports of xanthan gum from Austria. The Commission also determined that the domestic industry was threatened with material injury by reason of LTFV imports of xanthan gum from China.<sup>9</sup> On July 19, 2013, Commerce issued its antidumping duty order on imports of xanthan gum from China with the final weighted-average dumping margins ranging from 12.90 to 154.07 percent.<sup>10</sup>

---

<sup>5</sup> Domestic interested party’s comments on adequacy, November 6, 2023, p. 1.

<sup>6</sup> Respondent interested party’s comments on adequacy, December 8, 2023, p. 1.

<sup>7</sup> Xanthan Gum from Austria and China, Inv. Nos. 731-TA-1202-1203 (Final), USITC Publication 4411, June 2013 (“Original publication”), p. I-1.

<sup>8</sup> 78 FR 33351, June 4, 2013.

<sup>9</sup> 78 FR 43226, July 19, 2013.

<sup>10</sup> 78 FR 43143, July 19, 2013.

## **The first five-year review**

On September 4, 2018, the Commission determined that it would conduct an expedited review of the antidumping duty order on xanthan gum from China.<sup>11</sup> On September 26, 2018, Commerce determined that revocation of the antidumping duty orders on xanthan gum from China would be likely to lead to continuation or recurrence of dumping and subsidization.<sup>12</sup> On November 15, 2018, the Commission determined that material injury would be likely to continue or recur within a reasonably foreseeable time.<sup>13</sup> Following affirmative determinations in the five-year reviews by Commerce and the Commission, effective November 30, 2018, Commerce issued a continuation of the antidumping duty order on imports of xanthan gum from China.<sup>14</sup>

## **Previous and related investigations**

Xanthan gum has not been the subject of any prior related antidumping or countervailing duty investigations in the United States.

## **Commerce's five-year review**

Commerce announced that it would conduct an expedited review with respect to the order on imports of xanthan gum from China with the intent of issuing the final results of this review based on the facts available not later than January 30, 2024.<sup>15</sup> Commerce publishes its Issues and Decision Memoranda and its final results concurrently, accessible upon publication at <https://access.trade.gov/public/FRNoticesListLayout.aspx>. Issues and Decision Memoranda contain complete and up-to-date information regarding the background and history of the order, including scope rulings, duty absorption, changed circumstances reviews, and anticircumvention, as well as any decisions that may have been pending at the issuance of this report. Any foreign producers/exporters that are not currently subject to the antidumping duty order on imports of xanthan gum from China are noted in the sections titled “The original investigations” and “U.S. imports,” if applicable.

---

<sup>11</sup> 83 FR 48653, September 26, 2018.

<sup>12</sup> 83 FR 48589, September 26, 2018.

<sup>13</sup> 83 FR 58592, November 20, 2018.

<sup>14</sup> 83 FR 61602, November 30, 2018.

<sup>15</sup> Letter from Eric B. Greynolds, Director, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce to Nannette Christ, Director of Investigations, November 17, 2023.

## The product

### Commerce's scope

Commerce has defined the scope as follows:

*The merchandise covered by the scope of the Order includes dry xanthan gum, whether or not coated or blended with other products. Xanthan gum is included in this order regardless of physical form, including, but not limited to, solutions, slurries, dry powders of any particle size, or unground fiber.*<sup>16</sup>

### U.S. tariff treatment

Xanthan gum is currently imported under Harmonized Tariff Schedule of the United States ("HTS") statistical reporting number 3913.90.2015, "xanthan gum," which covers only products in the scope of this review. The 2023 general rate of duty for goods imported under HTS subheading 3913.90.20 is 5.8 percent ad valorem.<sup>17</sup> Decisions on the tariff classification and treatment of imported goods are within the authority of U.S. Customs and Border Protection.

Effective September 24, 2018, xanthan gum imported under 3913.90.20 originating in China is subject to an additional 10 percent ad valorem duty under section 301 of the Trade Act of 1974.<sup>18</sup> Effective May 10, 2019, the section 301 duty for this subheading was increased to 25 percent ad valorem.<sup>19</sup>

---

<sup>16</sup> 83 FR 61602, November 30, 2018

<sup>17</sup> USITC, HTS (2023) Basic Revision 11, Publication 5462, September 2023, p. 39-14.

<sup>18</sup> 83 FR 47974, September 21, 2018. See also HTS heading 9903.88.03 and U.S. note 20(f) to subchapter III of chapter 99 and related tariff provisions for this duty treatment. USITC, HTS (2022) Revision 8, USITC Publication 5345, July 2022, pp. 99-III-28–99-III-38, 99-III-301.

<sup>19</sup> 84 FR 20459, May 9, 2019.

## Description and uses<sup>20</sup>

The polysaccharide xanthan gum is one of a group of products, known as hydrocolloids, that form a gel in the presence of water. Several attributes make xanthan gum a useful additive to industrial and consumer products to provide stability and viscosity:

- High viscosity at low concentration levels. Even small concentrations of xanthan gum can be effective in thickening a liquid.
- Shear-thinning at low shear rates. When a shear force such as stirring or shaking is applied to a solution containing xanthan gum, the viscosity decreases, allowing for easier flow of the solution. Xanthan gum also has properties that allow solutions to continually reform to the initial viscosity level when shear force is removed.
- Low sensitivity to a solution's pH levels, temperatures, cold water solubility, or ionic strength.

These attributes combine to make xanthan gum unique when compared with other hydrocolloids, such as gelatin, agar gum, or pectin. The original investigation reported market substitution between xanthan gum and other hydrocolloids, particularly guar gum and carboxymethylcellulose (CMC), although the extent of this substitution was not clear.

Xanthan gum is used primarily in five sectors: food and beverage products, consumer goods, pharmaceutical products, industrial uses, and oil field uses. Grades for these five applications are determined largely by the levels of impurities remaining in the product.<sup>21</sup> Xanthan gum is a common component in food and beverage systems, particularly condiments, beverages, syrups, baked goods and bakery products, and prepared foods. It is also used as a stabilizer and thickener for foods without affecting flavor. In condiments, its shear-thinning qualities allow for easy pouring characteristics, while its viscosity keeps ingredients from separating in the packaging. Xanthan gum also provides elasticity to dough and baked products, allowing for the entrapment of air in the finished baked good. It is often used as a replacement to gluten to provide structure to the baked good. It is also used as a stabilizer for beverages (such as fruit juices and dairy products), particularly in low-sugar or sugar-free beverages to provide texture. Xanthan gum's low inclusion rates for food and beverages (from about 0.05% to 0.2%) allows for it to be easily included into a recipe for its structural functionality.

---

<sup>20</sup> Unless otherwise noted, this information is based on Xanthan Gum from China, Investigation Nos. 731-TA-1203 (Review), USITC Publication 4839, November 2018 ("First review publication"), pp. I-5–I-6.

<sup>21</sup> Higher purity xanthan gum, such as that produced for use in food and beverage or consumer goods and pharmaceuticals, can often be marketed for industrial purposes, but not vice versa.



Xanthan gum is also used for a number of consumer good and pharmaceutical applications. These products include toothpaste, sunscreen, and pharmaceuticals, such as amoxicillin. Xanthan gum provides thickening and stabilizing properties to these products, keeping ingredients from separating while in the packaging. This is important, in that it keeps the ingredients of the products evenly distributed for all applications, instead of having certain ingredients settle based on relative density.

Xanthan gum's properties are useful in a variety of industrial and household chemical applications and in oil drilling. As with consumer goods, in products such as paints, coatings, and home care products, xanthan gum allows for an equal distribution of components within a product that would otherwise separate due to different densities. Xanthan gum is particularly well suited for these products due to its insensitivity to alkaline conditions, which is an environment in which other stabilizers cannot effectively perform. The chemical's properties are also useful in oilfield drilling when a viscosifier is required under extreme conditions. Xanthan gum's ability to create suspension in water-based drilling fluid allows for the removal of rock and debris from the drilling area.

Additionally, within the above general grades, there are consumer demands for various other specifications such as additional coating of the product, granule size, and packaging of the xanthan gum. These specifications affect the application's properties, such as how the xanthan gum dissolves in the solution, the clarity of the resulting solution, viscosity of the solution in certain environments, and convenience for the end user's manufacturing process. Some consumers may also specify Xanthan gum made from non-Genetically Modified Organisms (GMO) feedstocks.

## **Manufacturing process<sup>22</sup>**

Xanthan gum is produced from the fermentation of the bacteria strain *Xanthomonas campestris* (*X. campestris*). The production process requires maintaining the bacteria strain used for culture, providing carbohydrate, nitrogen, and micronutrient sources to initiate the fermentation process, extracting and refining the xanthan gum from the culture; milling the product into a powder, and finally, packaging it for distribution.

The production process begins with fermentation of the bacteria. First, selected strains of *X. campestris* must be properly maintained and stored for continuous production. A small amount of the strain is expanded in a shake flask, and then further reproduced in a seed tank

---

<sup>22</sup> Unless otherwise noted, this information is based on first review publication, p. I-7.

for scalable expansion, to create the inoculum for large bioreactors. It is then placed in a bioreactor where it interacts with a carbohydrate source (typically a corn derivative, such as cornstarch), a nitrogen source (such as casein hydrolysates, soybean meal, or distillers' solubles), micro-minerals, and water. This step produces xanthan gum broth, which contains xanthan, bacterial cells, and other chemicals. Recovery of the xanthan gum begins by removing the cell debris using either filtration or centrifugation. Then alcohol is added to the broth to separate the xanthan gum from water, creating a xanthan gum fiber. The resulting residual mixture of alcohol, water, cellular debris, and nutrients is distilled to recover the alcohol, while the other residual material is sent to a water waste treatment facility. The xanthan gum fiber is then dried, milled to a particular granule size, and packaged into specified quantities. The product may also be coated with non-water soluble material, such as cottonseed oil or lecithin, to aid in the dispersal of the xanthan gum particles when placed in a solution. At this point, the xanthan gum is marketable.

Xanthan gum production requires facilities that meet standards set by the U.S. Environmental Protection Agency for wastewater. For industrial grade xanthan gum, this is the main regulatory concern with the production process. For xanthan gum to qualify as "food grade," the Food and Drug Administration ("FDA") requires certain processes and tests be done, as does the U.S. Department of Agriculture ("USDA") for certain meat and dairy products.

First, the FDA requires that the strain of *X. campestris* be nonpathogenic and nontoxic to humans and animals. Second, it requires that the recovery process render no viable cells of the strain. There are also specifications that the residual isopropyl used in the recovery process must not exceed 750 parts per million, the final product must meet certain viscosity properties, the product must also pass two specified laboratory tests, and finally, the product must have proper labeling and use information.

## The industry in the United States

### U.S. producers

During the final phase of the original investigations, the Commission received U.S. producer questionnaires from two firms, which accounted for approximately 100 percent of production of xanthan gum in the United States during 2012.<sup>23</sup> During the first five-year review, domestic interested parties provided a list of two known and currently operating U.S. producers of xanthan gum, Archer Daniels Midland (“ADM”) and CP Kelco.<sup>24</sup>

In response to the Commission’s notice of institution in this current review, the domestic interested party identified itself as the only known and currently operating U.S. producer of xanthan gum.<sup>25</sup>

### Recent developments

Table I-3 presents events in the U.S. industry since the Commission’s last five-year review.<sup>26</sup>

**Table I-3**  
**Xanthan gum: Developments in the U.S. industry**

Item	Firm	Event
Production stoppage	Archer Daniels Midland	2021 -- Archer Daniels Midland ceased U.S. production of xanthan gum.

Source: Domestic interested party’s response to notice of institution, November 1, 2023, p. 19 and exh. 14.

---

<sup>23</sup> Original confidential report, p. I-1.

<sup>24</sup> First review publication, p. I-8.

<sup>25</sup> Domestic interested party’s response to the notice of institution, November 1, 2023, p. 23.

<sup>26</sup> For recent developments, if any, in tariff treatment, please see “U.S. tariff treatment” section.

## U.S. producers' trade and financial data

The Commission asked domestic interested parties to provide trade and financial data in their response to the notice of institution in the current five-year review.<sup>27</sup> Table I-2 presents a compilation of the trade and financial data submitted from all responding U.S. producers in the original investigations and subsequent five-year review.

**Table I-4**  
**Xanthan gum: Trade and financial data submitted by U.S. producers, by period**

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per pound; ratio in percent

Item	Measure	2012	2017	2022
Capacity	Quantity	***	***	***
Production	Quantity	***	***	***
Capacity utilization	Ratio	***	***	***
U.S. shipments	Quantity	***	***	***
U.S. shipments	Value	***	***	***
U.S. shipments	Unit value	***	***	***
Net sales	Value	***	***	***
COGS	Value	***	***	***
COGS to net sales	Ratio	***	***	***
Gross profit or (loss)	Value	***	***	***
SG&A expenses	Value	***	***	***
Operating income or (loss)	Value	***	***	***
Operating income or (loss) to net sales	Ratio	***	***	***

Source: For the years 2012-17, data are compiled using data submitted in the Commission's original investigations/first five-year review. For the year 2022, data are compiled using data submitted by domestic interested party. Domestic interested party's response to the notice of institution, November 1, 2023, exh. 11.

Note: For a discussion of data coverage, please see "U.S. producers" section.

---

<sup>27</sup> Individual company trade and financial data are presented in app. B.

## Definitions of the domestic like product and domestic industry

The domestic like product is defined as the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the subject merchandise. The domestic industry is defined as the U.S. producers as a whole of the domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of the product. Under the related parties provision, the Commission may exclude a U.S. producer from the domestic industry for purposes of its injury determination if “appropriate circumstances” exist.<sup>28</sup>

In its original determination and its expedited five-year review determination, the Commission defined a single domestic like product as all xanthan gum, coextensive with Commerce’s scope. The Commission also defined a single domestic industry, consisting of all U.S producers of xanthan gum.<sup>29</sup> In 2022, U.S. producer CP Kelco accounted for \*\*\* percent of total subject imports from China and its subject imports were equivalent to \*\*\* percent of the quantity of its U.S. production of xanthan gum. The only domestic producer of xanthan gum, CP Kelco accounted for 100 percent of U.S. production in 2022.<sup>30</sup>

---

<sup>28</sup> Section 771(4)(B) of the Tariff Act of 1930, 19 U.S.C. § 1677(4)(B).

<sup>29</sup> 88 FR 67809, October 2, 2023.

<sup>30</sup> Domestic interested party’s response to the notice of institution, November 1, 2023, pp. 77 and 79

## U.S. importers

During the final phase of the original investigations, the Commission received U.S. importer questionnaires from 15 firms, which accounted for the majority of total U.S. imports of xanthan gum from Austria and China during 2012.<sup>31</sup> Import data presented in the original investigations are based on official Commerce statistics and questionnaire responses.

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties provided a list of 13 firms that may import xanthan gum from China.<sup>32</sup> Import data presented in the first review are based on official Commerce statistics.

In its response to the notice of institution for this current review, one importer of the subject merchandise provided data regarding its U.S. imports and U.S. shipments (See appendix B). In addition to providing trade and financial data, the domestic interested party provided a list of 108 firms that may currently import subject merchandise.<sup>33</sup>

---

<sup>31</sup> Original publication, p. I-1.

<sup>32</sup> First review publication, p. I-10.

<sup>33</sup> Domestic interested party's response to the notice of institution, November 1, 2023, exh. 8.

## U.S. imports

Table I-5 presents the quantity, value, and unit value of U.S. imports from China as well as the other top sources of U.S. imports (shown in descending order of 2022 imports by quantity).

**Table I-5**  
**Xanthan gum U.S. imports, by source and period**

Quantity in 1,000 pounds; value in 1,000 dollars; unit value in dollars per pound

U.S. imports from	Measure	2018	2019	2020	2021	2022
China	Quantity	38,281	26,987	20,727	27,112	20,927
Austria	Quantity	17,838	16,913	15,853	17,630	18,589
France	Quantity	4,383	3,772	3,039	2,581	2,506
Canada	Quantity	1,123	2,103	1,757	2,275	1,048
All other sources	Quantity	82	37	70	86	486
Nonsubject sources	Quantity	23,427	22,825	20,719	22,573	22,629
All import sources	Quantity	61,708	49,811	41,446	49,685	43,556
China	Value	69,711	52,329	39,691	54,154	47,689
Austria	Value	57,280	50,703	46,557	50,937	53,960
France	Value	17,741	14,572	12,036	11,071	14,239
Canada	Value	2,452	3,891	3,624	5,399	4,749
All other sources	Value	310	184	238	526	1,613
Nonsubject sources	Value	77,784	69,349	62,454	67,933	74,562
All import sources	Value	147,495	121,678	102,145	122,087	122,250
China	Unit value	1.82	1.94	1.91	2.00	2.28
Austria	Unit value	3.21	3.00	2.94	2.89	2.90
France	Unit value	4.05	3.86	3.96	4.29	5.68
Canada	Unit value	2.18	1.85	2.06	2.37	4.53
All other sources	Unit value	3.78	4.97	3.40	6.11	3.32
Nonsubject sources	Unit value	3.32	3.04	3.01	3.01	3.29
All import sources	Unit value	2.39	2.44	2.46	2.46	2.81

Source: Compiled from official Commerce statistics for HTS statistical reporting number 3913.90.2015, accessed November 29, 2023.

Note: Because of rounding, figure may not add to total shown.

## Apparent U.S. consumption and market shares

Table I-6 presents data on U.S. producers' U.S. shipments, U.S. imports, apparent U.S. consumption, and market shares.

**Table I-6**  
**Xanthan gum: Apparent U.S. consumption and market shares, by source and period**

Quantity in 1,000 pounds; value in 1,000 dollars; shares in percent

Source	Measure	2012	2017	2022
U.S. producers	Quantity	***	***	***
China	Quantity	33,799	26,736	20,927
Nonsubject sources	Quantity	***	19,639	22,629
All import sources	Quantity	***	46,375	43,556
Apparent U.S. consumption	Quantity	73,963	***	***
U.S. producers	Value	***	***	***
China	Value	87,473	46,615	47,689
Nonsubject sources	Value	***	60,222	74,562
All import sources	Value	***	106,837	122,250
Apparent U.S. consumption	Value	223,657	***	***
U.S. producers	Share of quantity	***	***	***
China	Share of quantity	45.7	***	***
Nonsubject sources	Share of quantity	***	***	***
All import sources	Share of quantity	***	***	***
U.S. producers	Share of value	***	***	***
China	Share of value	39.1	***	***
Nonsubject sources	Share of value	***	***	***
All import sources	Share of value	***	***	***

Source: For the years 2012-17, data are compiled using data submitted in the Commission's first five-year reviews. For the year 2022, U.S. producers' U.S. shipments are compiled from the domestic interested party's response to the Commission's notice of institution and U.S. imports are compiled using official Commerce statistics under HTS statistical reporting number 3913.90.2015, accessed November 29, 2023.

Note: For all years, nonsubject sources data includes Austria, which was a subject country in the original investigations. Share of quantity is the share of apparent U.S. consumption by quantity in percent; share of value is the share of apparent U.S. consumption by value in percent. For 2012, apparent U.S. consumption is calculated from U.S. shipments of imports, rather than U.S. imports. For a discussion of data coverage, please see "U.S. producers" and "U.S. importers" sections.



## The industry in China

### Producers in China

During the final phase of the original investigations, the Commission received foreign producer/exporter questionnaires from \*\*\* firms from China, which accounted for approximately \*\*\* percent of production of xanthan gum in China during 2012, and approximately \*\*\* percent of xanthan gum exports from China to the United States during 2012.<sup>34</sup>

Although the Commission did not receive responses from any respondent interested parties in its first five-year review, the domestic interested parties provided a list of nine possible producers of xanthan gum in China in that proceeding.<sup>35</sup>

### Trade data for producers in China

Table I-7 presents the China production, capacity, and exports to the United States of xanthan gum during 2022, as well as data compiled in the original investigation and subsequent five-year reviews for 2012 and 2017.

**Table I-7**  
**Xanthan Gum: China producers' reported production, capacity, and exports to the United States, by period**

Quantity in 1,000 pounds; value in 1,000 dollars; ratio in percent

Item	Measure	2012	2017	2022
Capacity	Quantity	***	---	***
Production	Quantity	***	---	***
Capacity utilization	Ratio	***	---	***
Exports to the United States	Quantity	***	---	***
Exports to the United States	Value	***	---	***

Source: For the year 2012, data are compiled from data submitted in response to Commission questionnaires. For 2017, the Commission's five-year review did not include a response from any producer of xanthan gum in China, nor did it receive China producer data from an interested party. For the year 2022, data are compiled using data submitted by CP Kelco as received from CP Kelco's affiliate, CP Kelco China. Domestic interested party's response to the notice of institution, November 1, 2023, exh. 13.

<sup>34</sup> Original publication, p. VII-9.

<sup>35</sup> First review publication, p. I-14.

## Recent developments

Table I-8 presents events in the industry in China since the Commission’s last five-year review.

**Table I-8**  
**Xanthan gum: Developments in the China industry**

Item	Firm	Event
U.S. legislation	Multiple	December 23, 2021 – The Uyghur Forced Labor Prevention Act was enacted, establishing a rebuttable presumption that goods produced wholly or in part in China’s Xinjiang Uyghur Autonomous Region, or by certain entities, are prohibited from importation to the United States. Firms may request an exception to this presumption. ***.
Expansion	Fufeng	From December 2022 – December 2023, Fufeng expanded its xanthan gum production capacity from 65,000 metric tons to 80,000 metric tons.

Source: “Uyghur Forced Labor Prevention Act of 2021 Fact Sheet,” U.S. Customs and Border Protection, [https://www.cbp.gov/sites/default/files/assets/documents/2022-Jun/UFLPA%20Fact%20Sheet\\_FINAL.pdf](https://www.cbp.gov/sites/default/files/assets/documents/2022-Jun/UFLPA%20Fact%20Sheet_FINAL.pdf), accessed December 4, 2023; “About Meihua,” Meihua Group, <http://www.meihuagrp.com/en/index.php/about.html>, accessed December 4, 2023, “About Us,” Fufeng Group, <http://en.fufeng-group.cn/about/>, accessed December 4, 2023, “2017 Interim Report,” Fufeng Group, p. 18; “2023 Interim Report, Fufeng Group, p. 12; “Xanthan Anti-Dumping US DOC Sunset Review,” IMR International, October 2023, respondent interested party, response to notice of institution, exh. 2, November 1, 2023.

## Exports

Table I-9 presents export data for HS 3913.90, a category that includes xanthan gum and out-of-scope products, from China (by export destination in descending order of quantity for 2022).

**Table I-9**  
**Natural Polymers and Modified Natural Polymers, Not Elsewhere Specified or Included, in Primary Forms: Quantity of exports from China, by destination and period**

Quantity in 1000 pounds

<b>Destination market</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Russia	31,603	32,956	33,076	36,601	42,427
United States	38,692	30,982	24,098	34,745	38,575
Saudi Arabia	35,705	29,687	33,502	5,122	35,446
United Arab Emirates	20,228	16,589	14,989	15,379	28,076
Brazil	11,559	12,830	16,057	14,244	19,481
Mexico	9,766	12,832	11,650	20,048	16,308
India	12,561	13,052	13,806	11,218	14,736
Netherlands	7,497	10,925	10,013	14,118	13,611
Germany	10,375	11,631	12,327	11,900	11,057
United Kingdom	7,145	5,217	7,457	6,964	9,524
All other markets	119,689	121,795	119,765	131,550	149,970
All markets	304,820	298,496	296,740	301,889	379,211

Note: Because of rounding, figures may not add to totals shown.

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheading 3913.90, accessed November 29, 2023. These data may be overstated as HS subheading 3913.90 may contain products outside the scope of this review.

## Third-country trade actions

Based on available information, xanthan gum from China has not been subject to other antidumping or countervailing duty investigations outside the United States.

## The global market

Global trade data for xanthan gum are limited due to its HS classification in a category, HS 3913.90, which may include products outside the scope of this review. Table I-10 presents global export data for HS 3913.90, a category that includes xanthan gum and out-of-scope products (in descending order of quantity exported for 2022).<sup>36</sup>

**Table I-10**  
**Natural Polymers and Modified Natural Polymers, Not Elsewhere Specified or Included, in Primary Forms: Quantity of global exports by country and period**

Quantity in 1000 pounds

Exporting country	2018	2019	2020	2021	2022
China	304,820	298,496	296,740	301,889	379,211
United States	108,002	117,265	107,336	105,937	103,288
Italy	57,238	64,425	73,725	118,978	86,270
France	22,191	19,822	19,402	22,049	23,333
Netherlands	13,787	17,729	26,055	23,724	20,812
Chile	23,796	57,744	49,435	60,261	16,763
United Arab Emirates	6,422	6,970	5,626	8,077	16,557
Germany	11,598	11,094	12,305	13,011	10,011
Canada	10,447	10,710	9,555	11,559	8,547
Belgium	3,366	3,334	4,488	4,800	4,870
All other exporters	48,388	44,383	43,437	42,683	44,433
All exporters	610,058	651,972	648,104	712,969	714,096

Source: Global Trade Information Services, Inc., Global Trade Atlas, HS subheadings 3913.90. These data may be overstated as HS subheadings 3913.90 may contain products outside the scope of this review.

Note: Because of rounding, figures may not add to total shown.

---

<sup>36</sup> Importer GPI stated in its response to the notification of initiation that its downstream xanthan gum-based products, which are manufactured in Canada using xanthan gum originating in China, are covered by the antidumping order covered in this review. Respondent party's response to notice of institution, November 21, 2023, pp. 2—3.

**APPENDIX A**  
**FEDERAL REGISTER NOTICES**



The Commission makes available notices relevant to its investigations and reviews on its website, [www.usitc.gov](http://www.usitc.gov). In addition, the following tabulation presents, in chronological order, Federal Register notices issued by the Commission and Commerce during the current proceeding.

Citation	Title	Link
88 FR 67729 October 2, 2023	<i>Initiation of Five-Year (Sunset) Reviews</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2023-10-02/pdf/2023-21708.pdf">https://www.govinfo.gov/content/pkg/FR-2023-10-02/pdf/2023-21708.pdf</a>
88 FR 67809 October 2, 2023	<i>Xanthan Gum from China: Institution of Five-Year Reviews</i>	<a href="https://www.govinfo.gov/content/pkg/FR-2023-10-02/pdf/2023-21373.pdf">https://www.govinfo.gov/content/pkg/FR-2023-10-02/pdf/2023-21373.pdf</a>





**APPENDIX B**  
**COMPANY-SPECIFIC DATA**



\* \* \* \* \*



**APPENDIX C**

**SUMMARY DATA COMPILED IN PRIOR INVESTIGATIONS**



Table C-1

## Xanthan gum: Summary data concerning the U.S. market, 2010-12

(Quantity=1,000 pounds; Value=1,000 dollars; Unit values, unit labor costs, and unit expenses=dollars per pound)  
(Period changes=percent--exceptions noted)

	Report data			Period changes		
	2010	2011	2012	2010-12	2010-11	2011-12
U.S. consumption quantity:						
Amount.....	55,339	54,537	73,963	33.7	(1.4)	35.6
Producers' share (1).....	***	***	***	***	***	***
Importers' share (1):						
Austria.....	***	***	***	***	***	***
China.....	41.6	43.8	45.7	4.1	2.2	1.9
Subtotal, subject.....	***	***	***	***	***	***
Nonsubject countries.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. consumption value:						
Amount.....	***	***	***	***	***	***
Producers' share (1).....	***	***	***	***	***	***
Importers' share (1):						
Austria.....	***	***	***	***	***	***
China.....	32.0	34.7	39.1	7.1	2.7	4.4
Subtotal, subject.....	***	***	***	***	***	***
Nonsubject countries.....	***	***	***	***	***	***
Total imports.....	***	***	***	***	***	***
U.S. importers' U.S. shipments:						
Austria						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
China:						
Quantity.....	23,026	23,875	33,799	46.8	3.7	41.6
Value.....	53,911	60,587	87,473	62.3	12.4	44.4
Unit value.....	\$2.34	\$2.54	\$2.59	10.5	8.4	2.0
Ending inventory quantity.....	5,708	8,029	7,785	36.4	40.7	(3.0)
Subject sources:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
Nonsubject sources:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***
All sources:						
Quantity.....	***	***	***	***	***	***
Value.....	***	***	***	***	***	***
Unit value.....	***	***	***	***	***	***
Ending inventory quantity.....	***	***	***	***	***	***

Table continued next page

**Table C-1--Continued**  
**Xanthan gum: Summary data concerning the U.S. market, 2010-12**

\* \* \* \* \*

(1) Report data are in percent and period changes are in percentage points.

Source: Compiled from data submitted in response to Commission questionnaires.



