

DEPARTMENT OF COMMERCE**International Trade Administration**

(C-570-938)

Citric Acid and Certain Citrate Salts From the People's Republic of China: Final Affirmative Countervailing Duty Determination

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce ("Department") has determined that countervailable subsidies are being provided to producers and exporters of citric acid and certain citrate salts ("citric acid") from the People's Republic of China ("PRC"). For information on the estimated countervailing duty rates, please see the "Suspension of Liquidation" section, below.

EFFECTIVE DATE: April 13, 2009.

FOR FURTHER INFORMATION CONTACT: David Neubacher, Shelly Atkinson or Damian Felton, AD/CVD Operations, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5823, (202) 482-0116 or (202) 482-0133, respectively.

SUPPLEMENTARY INFORMATION:**Petitioners**

The petitioners in this investigation are Archer Daniels Midland Company, Cargill, Incorporated, and Tate & Lyle America, Inc. (collectively, "Petitioners").

Period of Investigation

The period for which we are measuring subsidies, or period of investigation, is January 1, 2007, through December 31, 2007.

Case History

The following events have occurred since the announcement of the preliminary determination, which was published in the **Federal Register** on September 19, 2008. *See Citric Acid and Certain Citrate Salts From the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 73 FR 54367 (September 19, 2008) ("Preliminary Determination").

The Department issued several supplemental questionnaires to the Government of the People's Republic of China ("GOC"), TTCA Co., Ltd.

(formerly Shandong TTCA Biochemical Co., Ltd.) ("TTCA") and Yixing Union Biochemical Co. Ltd. ("Yixing Union") and its cross-owned affiliate Yixing Union Cogeneration Co., Ltd., and received responses in September and October 2008.

Public versions of the questionnaires and responses, as well as the various memoranda cited below are available at the Department's Central Records Unit (Room 1117 in the HCHB Building) (hereafter referred to as "CRU").

On September 12, 2008, the Department determined to investigate certain subsidies alleged by Petitioners in their submission of August 8, 2008. See Memorandum to Susan Kuhbach, Senior Director, Office 1, entitled "Analysis of Petitioners' New Subsidy Allegations" (September 12, 2008). On October 1, 2008, the Department issued questionnaires to the GOC, TTCA and Yixing Union regarding these new subsidy allegations. We received responses to these questionnaires as well as to supplemental questionnaires regarding the newly alleged submissions in October 2008.

On October 20, 2008, the Department initiated an investigation of TTCA's creditworthiness for the years 2004, 2006 and 2007, pursuant to 19 CFR 351.505(a)(6). See Memorandum to Susan H. Kuhbach, Senior Director, Office 1, entitled "Uncreditworthy Allegation for TTCA" (October 20, 2008). On February 25, 2009, we issued our preliminary determination that TTCA was uncreditworthy for the years investigated. See Memorandum to Susan H. Kuhbach, Senior Office Director, AD/CVD Operations, Office 1, entitled "Preliminary Creditworthiness Determination for TTCA Co., Ltd." (February 25, 2009).

From November 1 through November 20, 2008, we conducted verification of the questionnaire responses submitted by the GOC, TTCA and Yixing Union.

On March 4, 2009, we issued our post-preliminary determination regarding the new subsidy allegations and certain other programs discovered in the course of the investigation. See Memorandum to Ronald K. Lorentzen, Acting Assistant Secretary for Import Administration, entitled "Post-Preliminary Findings for the New Subsidy Allegations" (March 4, 2009).

We received case briefs from the GOC and Yixing Union on March 12, 2009, and from Petitioners and TTCA on March 13, 2009. The same parties submitted rebuttal briefs on March 18 and 19, 2009, respectively.

Scope of the Investigation

The scope of this investigation includes all grades and granulation sizes of citric acid, sodium citrate, and potassium citrate in their unblended forms, whether dry or in solution, and regardless of packaging type. The scope also includes blends of citric acid, sodium citrate, and potassium citrate; as well as blends with other ingredients, such as sugar, where the unblended form(s) of citric acid, sodium citrate, and potassium citrate constitute 40 percent or more, by weight, of the blend. The scope of this investigation also includes all forms of crude calcium citrate, including dicalcium citrate monohydrate, and tricalcium citrate tetrahydrate, which are intermediate products in the production of citric acid, sodium citrate, and potassium citrate. The scope of this investigation does not include calcium citrate that satisfies the standards set forth in the United States Pharmacopeia and has been mixed with a functional excipient, such as dextrose or starch, where the excipient constitutes at least 2 percent, by weight, of the product. The scope of this investigation includes the hydrous and anhydrous forms of citric acid, the dihydrate and anhydrous forms of sodium citrate, otherwise known as citric acid sodium salt, and the monohydrate and monopotassium forms of potassium citrate. Sodium citrate also includes both trisodium citrate and monosodium citrate, which are also known as citric acid trisodium salt and citric acid monosodium salt, respectively. Citric acid and sodium citrate are classifiable under 2918.14.0000 and 2918.15.1000 of the Harmonized Tariff Schedule of the United States (HTSUS), respectively. Potassium citrate and crude calcium citrate are classifiable under 2918.15.5000 and 3824.90.9290 of the HTSUS, respectively. Blends that include citric acid, sodium citrate, and potassium citrate are classifiable under 3824.90.9290 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Injury Test

Because the PRC is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Tariff Act of 1930, as amended ("Act"), section 701(a)(2) of the Act applies to this investigation. Accordingly, the International Trade Commission ("ITC") must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material

injury to a U.S. industry. On June 11, 2008, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from China of citric acid. *See Citric Acid and Certain Citrate Salts From Canada and China; Determinations*, 73 FR 33115 (June 11, 2008).

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the Memorandum from John M. Andersen, Acting Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Import Administration, entitled "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Citric Acid and Certain Citrate Salts from the People's Republic of China" (April 6, 2009) (hereafter referred to as the "Decision Memorandum"), which is hereby adopted by this notice. Attached to this notice as an Appendix is a list of the issues that parties have raised and to which we have responded in the Decision Memorandum. Parties can find this public memorandum in the Department's CRU. In addition, a complete version of the Decision Memorandum can be accessed directly on the Internet at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the Decision Memorandum are identical in content.

Use of Adverse Facts Available

For purposes of this final determination, we have continued to rely on facts available and have again used adverse inferences in accordance with sections 776(a) and (b) of the Act to determine the countervailable subsidy rates for Anhui BBCA Biochemical Co., Ltd. ("Anhui BBCA"), which is one of the three companies selected to respond to our questionnaires. A full discussion of our decision to apply adverse facts available is presented in the Decision Memorandum in the section "Use of Facts Otherwise Available and Adverse Facts Available."

In a departure from the *Preliminary Determination*, the Department now finds that the use of "facts otherwise available" is warranted with regard to policy lending because TTCA provided information that could not be verified. *See* Decision Memorandum, at Comment 19. Moreover, TTCA failed to cooperate by not acting to the best of its

ability in this investigation. Accordingly, we find that an adverse inference is warranted, pursuant to section 776(b) of the Act, to ensure that TTCA does not obtain a more favorable result than had it fully complied with our request for information. *See* Decision Memorandum, at Comment 19.

For reasons explained in the "Analysis of Programs" section I.A (Programs Determined to Be Countervailable: Energy and Water Savings Grant) in the Decision Memorandum, we find the use of "facts otherwise available" is warranted, pursuant to section 776(a)(2)(A) and (D) of the Act, with regard to the specificity determination for the Energy and Water Savings Grant program because the GOC would not provide requested information and did not provide verifiable program usage data. Because the GOC refused to provide information that would allow for a *de facto* specificity analysis using accurate and verifiable data and failed to act to the best of its ability, we have employed an adverse inference in selecting from among the facts otherwise available. Accordingly, pursuant to section 776(b) of the Act, we find that this program is *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act.

Suspension of Liquidation

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we have calculated an individual rate for the companies under investigation, Anhui BBCA, TTCA and Yixing Union. Section 705(c)(5)(A)(i) of the Act states that for companies not investigated, we will determine an all-others rate equal to the weighted average countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act. As Anhui BBCA's rate was calculated under section 776 of the Act, it is not included in the all-others rate.

Notwithstanding the language of section 705(c)(5)(A)(i) of the Act, we have not calculated the all-others rate by weight averaging the rates of TTCA and Yixing Union because doing so risks disclosure of proprietary information. Therefore, we have calculated a simple average of the two responding firms' rates. Finally, because TTCA's rate includes export subsidies, the all-others rate also includes export subsidies.

Exporter/Manufacturer	Net Subsidy Rate
TTCA Co., Ltd. (a.k.a. Shandong TTCA Bio-chemistry Co., Ltd.) ...	12.68
Yixing Union Bio-chemical Co., Ltd.; and Yixing Union Cogeneration Co., Ltd. ..	3.60
Anhui BBKA Bio-chemical Co., Ltd.	118.95
All-Others	8.14

In accordance with section 703(d) of the Act, we instructed U.S. Customs and Border Protection to discontinue the suspension of liquidation for countervailing duty purposes for subject merchandise entered on or after January 17, 2009, but to continue the suspension of liquidation of entries made from September 19, 2008, through January 16, 2009.

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

ITC Notification

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

Return or Destruction of Proprietary Information

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order ("APO") of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/ destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply

with the regulations and terms of an APO is a violation which is subject to sanction.

This determination is published pursuant to sections 705(d) and 777(i) of the Act.

Dated: April 6, 2009.

Ronald K. Lorentzen,
Acting Assistant Secretary for Import Administration.

APPENDIX

List of Comments and Issues in the Decision Memorandum

General Issues

Comment 1 Application of CVD Law to a Country the Department treats as an NME in a Parallel AD Investigation
 Comment 2 Double Counting/ Overlapping Remedies
 Comment 3 Requirement to Provide Evidence of Lower Prices
 Comment 4 Proposed Cutoff Date for Identifying Subsidies

Program Specific Issues

Comment 5 Policy Lending Whether Policy Lending Program Exists
 Comment 6 Policy Lending Whether CIB is a Government Authority
 Comment 7 Benchmark - Whether the Department is Required to Use a Chinese Benchmark
 Comment 8 Benchmark - Whether Department Should Make an Inflation Adjustment to Its Regression-based Benchmark Rate
 Comment 9 Benchmark - Whether the Department has a Basis for Treating "Medium-term" as Having Terms of Two Years or Less
 Comment 10 Benchmark - Whether to Remove Certain Countries from the IMF Data
 Comment 11 Benchmark - Whether Negative Inflation-adjusted Interest Rates Should be Excluded from the Regressions
 Comment 12 Benchmark - Whether the Regression is Statistically Invalid
 Comment 13 Benchmark - Whether the Difference Between Long- and Short-term Interest Rates Cannot be Based on BB-grade
 Comment 14 Benchmark - Whether the Adjustment for Long-term Rates should be Additive or Multiplicative
 Comment 15 Benchmark - Whether the Discount Rate Computation is Flawed
 Comment 16 FIE Tax Programs - Whether FIE Tax Programs are Specific
 Comment 17 FIE Tax Programs- Whether They Have Been Terminated

TTCA Specific Issues

Comment 18 Whether the Application of Total AFA is Warranted
 Comment 19 Whether the Application of Partial AFA is Warranted

Comment 20 Provision of Plant and Equipment for LTAR Whether the Department is Required to Issue a Finding
 Comment 21 Provision of Plant and Equipment for LTAR Proposed Methodology for Measuring the Benefit
 Comment 22 Provision of Land for LTAR Whether Land is a Good or a Service
 Comment 23 Provision of Land for LTAR Whether the Use of an External Benchmark is Appropriate
 Comment 24 Provision of Land for LTAR Whether Benchmark is New Factual Information
 Comment 25 Whether the Appropriate Benchmark Interest Rate for Floating Loan
 Comment 26 Whether To Correct a Clerical Error in TTCA's Subsidy Calculation

Yixing Union Specific Issues

Comment 27 Attribution of Yixing Union and Cogeneration Based on Cross-Ownership
 Comment 28 Whether to Apply AFA for Land in the YEDZ for LTAR Program
 Comment 29 How to Treat the Transfer of Allocated to Granted Land-use Rights from HPP to Cogeneration
 Comment 30 Whether the Department's Finding Regarding Land-use Rights in Yixing City Violates Due Process
 Comment 31 Whether the Department's Finding Regarding the Torch Program Violates Due Process

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-937]

Citric Acid and Certain Citrate Salts From the People's Republic of China: Final Affirmative Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration, Department of Commerce.

DATES: *Effective Date:* April 13, 2009.

SUMMARY: We invited interested parties to comment on our preliminary determination of sales at LTFV. The Department of Commerce ("the Department") has determined that citric acid and certain citrate salts ("citric acid") from the People's Republic of China ("PRC") is being, or is likely to be, sold in the United States at LTFV as provided in section 735 of the Tariff Act of 1930, as amended ("the Act"). The estimated margins of sales at less than