

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-985]

Xanthan Gum From the People's Republic of China: Final Determination of Sales at Less Than Fair Value

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

DATES: *Effective Date:* June 4, 2013.

SUMMARY: On January 10, 2013, the Department of Commerce ("Department") published its preliminary determination of sales at less than fair value ("LTFV") and postponement of final determination in the antidumping ("AD") investigation of xanthan gum from the People's Republic of China ("PRC").¹ On March 4, 2013, the Department released its post-preliminary differential pricing analysis.² The Department invited interested parties to comment on the *Preliminary Determination* and post-preliminary analysis. Based on an analysis of the comments received, the Department has made changes from the *Preliminary Determination*. The Department has determined that xanthan gum from the 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 final weighted-average dumping margins for this investigation are listed in the "Final Determination" section below.

FOR FURTHER INFORMATION CONTACT: Brandon Farlander or Erin Kearney, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482-0182 or (202) 482-0167, respectively.

¹ See *Xanthan Gum from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 77 FR 2252 (January 10, 2013) ("*Preliminary Determination*").

² See "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.) and Shandong Fufeng Fermentation Co., Ltd.," dated March 4, 2013; see also "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Deosen Biochemical Ltd.," dated March 4, 2013.

SUPPLEMENTARY INFORMATION:**Background**

The Department published its *Preliminary Determination* on January 10, 2013.³ At the Department's request, Fufeng and Deosen submitted supplemental questionnaire responses on February 25 and February 26, 2013, respectively. On February 15, 2013, in response to a request filed by Deosen, the Department extended the deadline for submission of publicly available information to February 22, 2013, and the due date for rebuttal information to March 4, 2013. On February 22, 2013, Petitioner, Deosen, and Fufeng submitted surrogate value ("SV") information, and Petitioner, Deosen, and Fufeng submitted rebuttal comments to this information on March 4, 2013. Also on March 4, 2013, the Department released its post-preliminary differential pricing analysis and extended the deadline for submission of case briefs to March 12, 2013, and the due date for rebuttal briefs to March 18, 2013.⁴ On March 15, 2013, in response to a request from Fufeng, the Department extended the deadline for submission of rebuttal briefs to March 19, 2013.

Petitioner, Deosen, and Fufeng submitted case briefs on March 12, 2013,⁵ and rebuttal briefs on March 19, 2013.⁶ On March 27, 2013, the Department rejected Deosen's rebuttal brief. Deosen resubmitted its rebuttal brief, at the Department's request, on

³ The Department postponed the deadline for the final determination to not later than 135 days after publication of the *Preliminary Determination* (i.e., January 10, 2013). See *Preliminary Determination*, 78 FR at 2254. However, because May 25, 2013, falls on a non-business day, the revised deadline for this final determination is now May 28, 2013. See *Notice of Clarification: Application of "Next Business Day" Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

⁴ See "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.) and Shandong Fufeng Fermentation Co., Ltd.," dated March 4, 2013; see also "Less Than Fair Value Investigation of Xanthan Gum from the People's Republic of China: Post-Preliminary Analysis and Calculation Memorandum for Deosen Biochemical Ltd.," dated March 4, 2013.

⁵ See "Xanthan Gum from the People's Republic of China: Petitioner's Case Brief," dated March 12, 2013 ("Petitioner Case Brief"); see also "Neimenggu Fufeng's Administrative Case Brief," dated March 12, 2013 ("Fufeng Case Brief"); "Case Brief of Deosen Biochemical and Deosen USA: Xanthan Gum from China," dated March 13, 2013 ("Deosen Case Brief").

⁶ See "Xanthan Gum from the People's Republic of China: Petitioner's Rebuttal Case Brief," dated March 19, 2013 ("Petitioner Rebuttal Brief"); see also "Neimenggu Fufeng Biotechnologies Co., Ltd. Rebuttal Case Brief," dated March 20, 2013 ("Fufeng Rebuttal Brief").

March 29, 2013.⁷ We did not receive briefs or rebuttal briefs from any other interested party to the investigation. At the request of Deosen, Fufeng, and Petitioner, the Department held a public hearing on April 11, 2013.

Period of Investigation

The period of investigation ("POI") is October 1, 2011, through March 31, 2012. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition, which was June 2012.⁸

Verification

As provided in section 782(i) of the Act, between January 14 and January 29, 2013, the Department verified the information submitted by Deosen and Fufeng for use in the final determination.⁹ Verification reports were issued on February 20, 2013. The Department used standard verification procedures, including examination of relevant accounting and production records and original source documents provided by respondents.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum.¹⁰ A list of the issues which parties raised and to which we respond in the Issues and Decision Memorandum is attached to this notice as an Appendix. The Issues and Decision Memorandum is a public document and is on file electronically via Import Administration's Antidumping and Countervailing Duty

⁷ See "Rebuttal Brief of Deosen Biochemical and Deosen USA," dated March 29, 2013 ("Deosen Rebuttal Brief").

⁸ See 19 CFR 351.204(b)(1).

⁹ See the Department's Memoranda to the File, entitled "Verification of the Sales and Factors Responses of Neimenggu Fufeng Biotechnologies Co., Ltd. and its affiliate Shandong Fufeng Fermentation Co., Ltd. in the Investigation of Xanthan Gum from the People's Republic of China," dated February 20, 2013, "Verification of the Questionnaire Responses of Deosen Biochemical Ltd.," dated February 20, 2013, and "Verification of the Questionnaire Responses of Deosen USA Inc.," dated February 20, 2013, on the record of this investigation on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit ("CRU"), room 7046 of the main Department of Commerce, with respect to these entities.

¹⁰ See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Import Administration, "Issues and Decision Memorandum for the Final Determination of the Antidumping Duty Investigation of Xanthan Gum from the People's Republic of China" (May 28, 2013) ("Issues and Decision Memorandum").

Centralized Electronic Service System ("IA ACCESS"). Access to IA ACCESS is available to registered users at <http://iaaccess.trade.gov>, and is available to all parties in the Central Records Unit, which is in room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the internet at www.trade.gov/ia. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

Changes Since the Preliminary Determination**Changes Applicable to Multiple Companies**

- We applied a differential pricing analysis to determine the comparison method, rather than the targeted dumping test.¹¹
- We valued truck freight using the World Bank's *Doing Business 2013: Thailand* report.¹²
- We valued brokerage and handling using the World Bank's *Doing Business 2013: Thailand* report.¹³
- We valued labor using Thai National Statistics Office 2007 data.¹⁴
- We valued electricity using the Electricity Generating Authority of Thailand's 2011 Annual Report.¹⁵
- We revised the SV used to value hydrochloric acid.¹⁶

Changes Specific to Fufeng

- We declined to grant Fufeng's by-product offsets for clinker and corn rejects.¹⁷
- We revised Fufeng's FOP allocation methodology for its energy FOPs and did not grant Fufeng's steam by-product offset.¹⁸
- We revised the SV used to value Fufeng's corn protein powder by-product.¹⁹
- We revised the SV used to value Fufeng's caustic soda.²⁰
- We revised the SV used to value Fufeng's corn embryo by-product.²¹
- We revised Fufeng's corn embryo, corn protein powder, and protein feed by-products to include packing materials.²²

¹¹ See Issues and Decision Memorandum.

¹² See *id.* at Comment 6-A.

¹³ See *id.* at Comment 6-B.

¹⁴ See *id.* at Comment 6-C.

¹⁵ See *id.* at Comment 6-D.

¹⁶ See *id.* at Comment 6-F.

¹⁷ See *id.* at Comment 12-C.

¹⁸ See *id.* at Comment 9.

¹⁹ See *id.* at Comment 12-A.

²⁰ See *id.* at Comment 11-C.

²¹ See *id.* at Comment 12-B.

²² See the Department's Memorandum entitled, "Antidumping Duty Investigation of Xanthan Gum

- We revised Fufeng’s marine insurance calculation.²³

Changes Specific to Deosen

- We valued the water FOP for Deosen’s Ordos factory.²⁴
- We revised the SV used to value Deosen’s metal buckle input.²⁵
- We revised Deosen’s calculations for certain U.S. expenses.²⁶
- We revised Deosen’s calculations for certain U.S. indirect selling expenses.²⁷
- We corrected the ministerial error identified in the *Preliminary Determination*.²⁸

For detailed information concerning all of the changes made, including those listed above, see the company-specific analysis and SV memoranda.

Scope of the Investigation

The scope of this investigation covers dry xanthan gum, whether or not coated or blended with other products. Further, xanthan gum is included in this investigation 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)-a-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 investigation is classified in the Harmonized Tariff Schedule (“HTS”) of

the United States at subheading 3913.90.20. This tariff classification is provided for convenience and customs purposes; however, the written description of the scope is dispositive.

Combination Rates

In the *Initiation Notice*, the Department stated that it would calculate combination rates for respondents that are eligible for a separate rate in this investigation.²⁹ This practice is described in Policy Bulletin 05.1, available at <http://www.trade.gov/ia/>.

Final Determination

Because the PRC-wide entity did not provide the Department with requested information, pursuant to section 776(a)(2)(A) of the Act, the Department continues to find it appropriate to base the PRC-wide rate on facts available.³⁰ The Department determines that the following weighted-average dumping margins exist for the period October 1, 2011, through March 31, 2012.

Exporter	Producer	Weighted-average dumping margin (percent)
Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.)/Shandong Fufeng Fermentation Co., Ltd.	Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.)/Shandong Fufeng Fermentation Co., Ltd.	15.09
Deosen Biochemical Ltd	Deosen Biochemical Ltd./Deosen Biochemical (Ordos) Ltd	128.32
A.H.A. International Co., Ltd	Shandong Fufeng Fermentation Co., Ltd	71.71
A.H.A. International Co., Ltd	Deosen Biochemical Ltd	71.71
CP Kelco (Shandong) Biological Company Limited	CP Kelco (Shandong) Biological Company Limited	71.71
Hebei Xinhe Biochemical Co. Ltd	Hebei Xinhe Biochemical Co. Ltd	71.71
Shanghai Smart Chemicals Co. Ltd	Deosen Biochemical Ltd	71.71
PRC-Wide Entity *	154.07

* The PRC-wide entity includes Shandong Yi Lian Cosmetics Co., Ltd., Shanghai Echem Fine Chemicals Co., Ltd., Sinotrans Xiamen Logistics Co., Ltd., and Zibo Cargill HuangHelong Bioengineering Co., Ltd.

Disclosure

In accordance with 19 CFR 351.224(b), the Department will disclose the calculations performed in this investigation to parties within five days of the date of publication of this notice in the **Federal Register**.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all appropriate entries of xanthan gum from the PRC as

described in the “Scope of the Investigation” section, which were entered, or withdrawn from warehouse, for consumption on or after January 10, 2013, the date of publication of the *Preliminary Determination* in the **Federal Register**. Further, the Department will instruct CBP to require a cash deposit equal to the weighted-average amount by which the normal value exceeds U.S. price as follows: (1) For the exporter/producer combinations listed in the table above, the cash deposit rate will be equal to the weighted-average dumping margin which the Department has determined

in this final determination; (2) for all combinations of PRC exporters/ producers of merchandise under consideration which have not received their own separate rate above, the cash deposit rate will be equal to the weighted-average dumping margin established for the PRC-wide entity; and (3) for all non-PRC exporters of merchandise under consideration which have not received their own separate rate above, the cash deposit rate will be equal to the cash deposit rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter.

from the People’s Republic of China: Final Determination Analysis Memorandum for Neimenggu Fufeng Biotechnologies Co., Ltd. (aka Inner Mongolia Fufeng Biotechnologies Co., Ltd.) and Shandong Fufeng Fermentation Co., Ltd.,” dated May 28, 2013.

²³ See *id.*
²⁴ See Issues and Decision Memorandum at Comment 18.
²⁵ See *id.* at Comment 19–C.
²⁶ See *id.* at Comment 21.
²⁷ See *id.* at Comment 22.

²⁸ See *id.* at Comment 23.
²⁹ See *Xanthan Gum From Austria and the People’s Republic of China: Initiation of Antidumping Duty Investigations*, 77 FR 39210 (July 2, 2012) (“*Initiation Notice*”).
³⁰ See Issues and Decision Memorandum.

These suspension-of-liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, the Department has notified the International Trade Commission (“ITC”) of the final affirmative determination of sales at LTFV. In accordance with section 735(b)(2) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports, or sales (or the likelihood of sales) for importation, of the merchandise under consideration. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all securities posted will be refunded. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Orders

This notice also serves as a reminder to the parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely written notification of return or 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 sanctionable violation.

This determination is issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: May 28, 2013.

Ronald K. Lorentzen,

Acting Assistant Secretary for Import Administration.

Appendix—Issues for the Final Determination

Comment 1: Surrogate Country
 Comment 2: Surrogate Financial Statements
 Comment 3: Comparison Methodology
 Comment 4: Use of Indonesian Export Data
 Comment 5: Valuation of Bacteria
 Comment 6: General Surrogate Values

Comment 6–A: Truck Freight
 Comment 6–B: Brokerage and Handling
 Comment 6–C: Labor
 Comment 6–D: Electricity
 Comment 6–E: Sodium Hypochlorite
 Comment 6–F: Hydrochloric Acid

Comment 7: Discrepancy in Respondents’ Preliminary Weighted-Average Dumping Margins

Fufeng-Specific Issues:

Comment 8: Cornstarch Intermediate Input
 Comment 9: FOP Allocation Methodology and Steam By-Product Offset
 Comment 10: Packing FOP for Raw Xanthan Gum
 Comment 11: Fufeng Surrogate Values
 Comment 11–A: Corn
 Comment 11–B: Decoking Agent
 Comment 11–C: Caustic Soda
 Comment 12: Fufeng By-Products
 Comment 12–A: Corn Protein Powder
 Comment 12–B: Corn Embryo
 Comment 12–C: Corn Rejects, Coal Ash, and Clinker
 Comment 12–D: Soybean Dregs
Deosen-Specific Issues:
 Comment 13: Energy Intermediate Input
 Comment 14: Compressed Air
 Comment 15: Deosen Ordos Water Consumption
 Comment 16: Deosen Surrogate Values
 Comment 16–A: Cornstarch
 Comment 16–B: Soy Powder
 Comment 16–C: Metal Buckle
 Comment 16–D: Coal
 Comment 17: Power Plant By-Products
 Comment 18: U.S. Expenses
 Comment 19: U.S. Indirect Selling Expenses
 Comment 20: Ministerial and Other Claimed Errors

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