



DEPARTMENT OF COMMERCE

International Trade Administration

[C-570-183]

Thermoformed Molded Fiber Products from the People's Republic of China: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination

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

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of thermoformed molded fiber products (molded fiber products) from the People's Republic of China (China).

The period of investigation is January 1, 2023, through December 31, 2023. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable [Insert date of publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: Allison Hollander or Ashley Cossaart,

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Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington,

DC 20230; telephone: (202) 482-2805 or (202) 482-0462, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is issued in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). On November 4, 2024, Commerce published the notice of

initiation of this countervailing duty (CVD) investigation.¹ On December 19, 2024, Commerce postponed the deadline for this preliminary determination until March 7, 2025.²

For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.³ A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The products covered by this investigation are molded fiber products from China. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the *Preamble* to Commerce's regulations,⁴ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope).⁵ Certain interested parties commented on the scope of the investigation as it appeared in the *Initiation Notice*. Commerce intends to issue its preliminary decision regarding comments concerning the scope of the less-than-fair-value (LTFV) and CVD investigations in the preliminary determination of the companion LTFV investigations. We will incorporate the scope decisions

¹ *See Thermoformed Molded Fiber Products from the People's Republic of China and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations*, 89 FR 87556 (November 4, 2024) (*Initiation Notice*); and *Thermoformed Molded Fiber Products from the People's Republic of China and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations; Correction*, 89 FR 91321 (November 19, 2024) (correcting a typographical error in the Harmonized Tariff Schedule of the United States subheadings listed in the scope).

² *See Thermoformed Molded Fiber Products from the People's Republic of China and the Socialist Republic of Vietnam: Postponement of Preliminary Determination in the Countervailing Duty Investigations*, 89 FR 103778 (December 19, 2024).

³ *See* Memorandum, "Decision Memorandum for the Preliminary Affirmative Determination of the Countervailing Duty Investigation of Thermoformed Molded Fiber Products from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁴ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997) (*Preamble*).

⁵ *See Initiation Notice*, 89 FR at 65852.

from the LTFV investigations into the scope of the final CVD determination for this investigation after considering any relevant comments submitted in scope case and rebuttal briefs.⁶

Methodology

Commerce is conducting this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce preliminarily determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁷ For a full description of the methodology underlying our preliminary determination, *see* the Preliminary Decision Memorandum.

Commerce notes that, in making these findings, it relied, in part, on facts available and, because it finds that one or more respondents did not act to the best of their ability to respond to Commerce’s requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.⁸ For further information, *see* the “Use of Facts Otherwise Available and Adverse Inferences” section in the Preliminary Decision Memorandum.

Alignment

In accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), Commerce is aligning the final countervailing duty (CVD) determination in this investigation with the final determination in the companion LTFV investigation of molded fiber products from China based on a request made by the petitioners.⁹ Consequently, the final CVD determination will be issued

⁶ The deadline for interested parties to submit scope case and rebuttal briefs will be established in the preliminary scope decision memorandum.

⁷ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁸ *See* sections 776(a) and (b) of the Act.

⁹ The petitioners are: Genera, Tellus Products, LLC, and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO. *See* Petitioners’ Letter, “Petitioners’ Request for Alignment of the Countervailing Duty Investigations with the Concurrent Antidumping Duty Investigations,” dated February 24, 2025.

on the same date as the final LTFV determination, which is currently scheduled to be issued no later than July 21, 2025, unless postponed.

Rate for Non-Responsive Companies

One potential exporter and/or producer of molded fiber products from China did not respond to Commerce's quantity and value (Q&V) questionnaire (*i.e.*, the non-responsive company).¹⁰ We find that, by not responding to the Q&V questionnaire, this company withheld requested information and significantly impeded this proceeding. Thus, in reaching our preliminary determination, pursuant to sections 776(a)(2)(A) and (C) of the Act, we are basing the CVD subsidy rate for the non-responsive company on facts otherwise available.

We further preliminarily determine that an adverse inference is warranted, pursuant to section 776(b) of the Act. By failing to submit a response to Commerce's Q&V questionnaire, the non-responsive company did not cooperate to the best of their ability in this investigation. For more information on the application of AFA to the non-responsive company, *see* "Use of Facts Otherwise Available and Adverse Inferences" in the Preliminary Decision Memorandum.

All-Others Rate

Sections 703(d) and 705(c)(5)(A) of the Act provide that in the preliminary determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act.

In this investigation, Commerce preliminarily calculated individual estimated countervailable subsidy rates for Guangxi Firstpak Environmental Technology Co., Ltd. (Firstpak) and Zhejiang Zhongxin Environmental Protection Technology Group Co., Ltd. (Zhejiang Zhongxin) that are not zero, *de minimis*, or based entirely on the facts otherwise available. Commerce calculated the all-others rate using a weighted-average of the individual

¹⁰ The non-responsive company is Shaoneng Group Guangdong Luzhou Paper Mould Packing Products Co., Ltd.

estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged values for the merchandise under consideration.¹¹

Preliminary Determination

Commerce preliminarily determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate (percent <i>ad valorem</i>)
Guangxi Firstpak Environmental Technology Co., Ltd.	6.99
Zhejiang Zhongxin Environmental Protection Technology Group Co., Ltd. ¹²	5.99
Shaoneng Group Guangdong Luzhou Paper Mould Packing Products Co., Ltd.	153.25*
All Others	6.38

*Rate is based on facts available with adverse inferences.

Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of its public announcement, or if there is no public announcement, within five days of the date of publication of this notice in the *Federal Register*, in accordance with 19 CFR 351.224(b).

Consistent with 19 CFR 351.224(e), Commerce will analyze and, if appropriate, correct any timely allegations of significant ministerial errors by amending the preliminary determination. However, consistent with 19 CFR 351.224(d), Commerce will not consider incomplete allegations that do not address the significance standard under 19 CFR 351.224(g)

¹¹ With two respondents under examination, Commerce normally calculates: (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale values for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. See, e.g., *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53662 (September 1, 2010), and accompanying Issues and Decision Memorandum at Comment 1. As complete publicly ranged sales data were available, Commerce based the all-others rate on the publicly ranged sales data of the mandatory respondents. For a complete analysis of the data, see Memorandum, "Calculation of Subsidy Rate for All Others," dated concurrently with this notice.

¹² Commerce preliminarily finds that Zhejiang Zhongxin is cross-owned with Jinhua Zhongsheng Fiber Products Co., Ltd.; Guangxi Huabao Fiber Products Co., Ltd.; and Chongzuo Zhongxin Environmental Protection Technology Co., Ltd.

following the preliminary determination. Instead, Commerce will address such allegations in the final determination together with issues raised in the case briefs or other written comments.

Suspension of Liquidation

In accordance with sections 703(d)(1)(B) and (d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. Further, pursuant to 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the rates indicated above.

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify the information relied upon in making its final determination.

Public Comment

All interested parties will have the opportunity to submit scope case and rebuttal briefs on the preliminary decision regarding the scope of the LTFV and CVD investigations. The deadlines to submit scope case and rebuttal briefs will be provided in the preliminary scope decision memorandum. For all scope case and rebuttal briefs, parties must file identical documents simultaneously on the records of the ongoing LTFV and CVD molded fiber products investigations. No new factual information or business proprietary information may be included in either scope case or rebuttal briefs.

Case briefs or other written comments, excluding scope comments, may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in the case briefs, may be filed not later than five days after the date for filing case

briefs.¹³ Interested parties who submit case briefs or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.¹⁴

As provided under 19 CFR 351.309(c)(2) and (d)(2), in prior proceedings we have encouraged interested parties to provide an executive summary of their brief that should be limited to five pages total, including footnotes. In this investigation, we instead request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.¹⁵ Further, we request that interested parties limit their executive summary of each issue to no more than 450 words, not including citations. We intend to use the executive summaries as the basis of the comment summaries included in the issues and decision memorandum that will accompany the final determination in this investigation. We request that interested parties include footnotes for relevant citations in the executive summary of each issue. Note that Commerce has amended certain of its requirements pertaining to the service of documents in 19 CFR 351.303(f).¹⁶

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce via ACCESS within 30 days after the date of publication of this notice. Requests should contain: 1) the party's name, address, and telephone number; 2) the number of participants and whether any participant is a foreign national; and 3) a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

¹³ See 19 CFR 351.309(d); *see also Administrative Protective Order, Service, and Other Procedures in Antidumping and Countervailing Duty Proceedings*, 88 FR 67069, 67077 (September 29, 2023) (*APO and Service Final Rule*).

¹⁴ See 19 CFR 351.309(c)(2) and (d)(2).

¹⁵ We use the term "issue" here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁶ See *APO and Service Final Rule*.

U.S. International Trade Commission Notification

In accordance with section 703(f) of the Act, Commerce will notify the U.S. International Trade Commission (ITC) of its determination. If the final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of molded fiber products from China are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 703(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: March 7, 2025.

Christopher Abbott,
Deputy Assistant Secretary
for Policy and Negotiations,
performing the non-exclusive functions and duties
of the Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The merchandise subject to this investigation consists of thermoformed molded fiber products regardless of shape, form, function, fiber source, or finish. Thermoformed molded fiber products are formed with cellulose fibers, thermoformed using one or more heated molds, and cured in the mold.

Thermoformed molded fiber products include, but are not limited to, plates, bowls, clamshells, trays, lids, food or foodservice contact packaging, and consumer or other product packaging.

Thermoformed molded fiber products may be derived from any virgin or recycled cellulose fiber source (including, but not limited to, those sourced from wood, woody crops, agricultural crops/byproducts/residue, and agricultural/industrial/other waste). They may have any weight, shape, dimensionality, design, or size, and may be bleached, unbleached, dyed, colored, or printed. They may include ingredients, additives, or chemistries to enhance functionality including, but not limited to, anti-microbial, antifungal, anti-bacterial, heat/flame resistant, hydrophobic, oleophobic, absorbent, or adsorbent. Thermoformed molded fiber products may also be subject to other processing or treatments, including, but not limited to, hot or after pressing, die-cutting, punching, trimming, padding, perforating, printing, labeling, dyeing, coloring, coating, laminating, embossing, debossing, repacking, or denesting. Thermoformed molded fiber products subject to these investigations may also have additional design features, including, but not limited to, tab closures, venting, channeling, or stiffening.

Thermoformed molded fiber products remain covered by the scope of this investigation whether the subject product is encased by exterior packaging or whether the subject product forms the outer packaging for non-subject products. They also remain covered by the scope of this investigation whether imported alone, or in any combination of subject and non-subject merchandise (e.g., a lid or cover of any type packaged with a molded fiber bowl, addition of any items to make the thermoformed molded fiber packaging suitable for end-use such as absorbent pads). When thermoformed molded fiber products are imported in combination with nonsubject merchandise, only the thermoformed molded fiber products are subject merchandise.

Thermoformed molded fiber products include thermoformed molded fiber products matching the above description that have been finished, packaged, or otherwise processed in a third country by performing finishing, packaging, or processing that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the thermoformed molded fiber products. Examples of finishing, packaging, or other processing in a third country that would not otherwise remove the merchandise from the scope of the investigations if performed in the country of manufacture of the thermoformed molded fiber products include, but are not limited to, hot or after pressing, die-cutting, punching, trimming, padding, perforating, printing, labeling, dyeing, coloring, coating, laminating, embossing, debossing, repacking, or denesting.

Thermoformed molded fiber products are classified under subheadings 4823.70.0020 and 4823.70.0040, HTSUS. Imports may also be classified under subheadings 4823.61.20, 4823.61.40, 4823.69.20, 4823.69.40, HTSUS. References to the HTSUS classification are provided for convenience and customs purposes, and the written description of the merchandise under investigation is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Injury Test
- IV. Analysis of China's Financial System
- V. Diversification of China's Economy
- VI. Use of Facts Otherwise Available and Adverse Inferences
- VII. Subsidies Valuation
- VIII. Benchmarks and Interest Rates
- IX. Analysis of Programs
- X. Recommendation

[FR Doc. 2025-04093 Filed: 3/13/2025 8:45 am; Publication Date: 3/14/2025]