



## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-580-920]

### Certain Epoxy Resins from the Republic of Korea: Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination

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

**SUMMARY:** The U.S. Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of certain epoxy resins (epoxy resins) from the Republic of Korea (Korea). The period of investigation (POI) is January 1, 2023, through December 31, 2023.

**DATES:** Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**FOR FURTHER INFORMATION CONTACT:** Thomas Martin or Benjamin Blythe, AD/CVD Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3936 or (202) 482-3457, respectively.

### SUPPLEMENTARY INFORMATION:

#### Background

On September 13, 2024, Commerce published the *Preliminary Determination* on epoxy resins from Korea in the *Federal Register*.<sup>1</sup> Commerce invited parties to comment on the *Preliminary Determination*.<sup>2</sup> For a complete discussion of the events that followed the

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<sup>1</sup> See *Certain Epoxy Resins from the Republic of Korea: Preliminary Negative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 89 FR 74912 (September 13, 2024) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

<sup>2</sup> *Id.*

*Preliminary Determination*, see the Issues and Decision Memorandum.<sup>3</sup> The Issues and Decision Memorandum is a public document and is made available to the public 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 Issues and Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

### **Scope of the Investigation**

The merchandise covered by the scope of this investigation is epoxy resins from Korea. For a complete description of the scope of this investigation, see Appendix I.

### **Scope Comments**

During the course of this investigation, Commerce received scope comments from interested parties. Commerce issued a Preliminary Scope Decision Memorandum to address these comments and set aside a period of time for parties to address scope issues in scope-specific case and rebuttal briefs.<sup>4</sup> Between February and March 2025, Commerce received scope case and rebuttal briefs from interested parties on the Preliminary Scope Decision Memorandum, which we addressed in the Final Scope Decision Memorandum.<sup>5</sup> After analyzing these comments, we made changes to the scope of the investigation published in the *Preliminary Determination*. See Appendix I.

### **Analysis of Subsidy Programs and Comments Received**

The subsidy programs under investigation, and the issues raised in the case and rebuttal briefs by parties in this investigation, are discussed in the Issues and Decision Memorandum.

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<sup>3</sup> See Memorandum, “Issues and Decisions Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Certain Epoxy Resins from the Republic of Korea,” dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

<sup>4</sup> See Memorandum, “Less-Than-Fair-Value and Countervailing Duty Investigations of Certain Epoxy Resins from the People’s Republic of China, India, the Republic of Korea, Taiwan, and Thailand: Preliminary Scope Decision Memorandum,” dated November 6, 2024 (Preliminary Scope Decision Memorandum).

<sup>5</sup> See Memorandum, “Less-Than-Fair-Value and Countervailing Duty Investigations of Certain Epoxy Resins from the People’s Republic of China, India, the Republic of Korea, Taiwan, and Thailand: Final Scope Decision Memorandum,” dated March 28, 2025 (Final Scope Decision Memorandum).

For a list of the issues raised by parties, and to which we responded in the Issues and Decision Memorandum, *see* Appendix II.

## **Methodology**

Commerce conducted this investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For each of the subsidy programs found to be countervailable, Commerce 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.<sup>6</sup> For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

## **Verification**

Consistent with section 782(i) of the Act, in January 2025, Commerce verified all information reported by the cross-owned entities Kukdo Chemical Co., Ltd. and Kukdo Finechem Co., Ltd. (Kukdo), the cross-owned entities Kumho P&B Chemicals Inc. and Kumho Petrochemical Co., Ltd. (Kumho), and the Government of Korea (GOK). We used standard verification procedures, including an examination of relevant account records and original source documents provided by the respondents.<sup>7</sup>

## **Changes Since the *Preliminary Determination* and Post-Preliminary Analysis**

Based on our review and analysis of the information received during verification and comments received from parties, for this final determination, we made certain changes to the countervailable subsidy rate calculations for Kukdo, Kumho, and for all other producers/exporters. For a discussion of these changes, *see* the Issues and Decision Memorandum.

## **Final Negative Determination of Critical Circumstances**

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<sup>6</sup> *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.

<sup>7</sup> *See* Memoranda, “Verification of the Questionnaire Responses of the Government of the Republic of Korea,” dated February 7, 2025 (GOK Verification Report); *see also* “Verification of the Questionnaire Responses of Kumho Petrochemical and Kumho P & B Chemicals Inc.” dated February 10, 2025 (Kumho Verification Report); and “Verification of the Questionnaire Responses of Kukdo Chemical Co., Ltd. and Kukdo Finechem Co., Ltd.,” dated February 11, 2025 (Kukdo Verification Report).

Commerce preliminarily determined, in accordance with sections 703(e)(1)(A) and (B) of the Act, and 19 CFR 351.206, that critical circumstances did not exist with respect to imports of subject merchandise for Kukdo, Kumho, and all other producers and/or exporters.<sup>8</sup> For this final determination, in accordance with section 705(a)(2) of the Act, Commerce continues to find that critical circumstances do not exist with respect to imports of subject merchandise for Kukdo, Kumho, and all other producers and/or exporters. For a full description of the methodology and results of our critical circumstances analysis, *see* the Issues and Decision Memorandum.

### **All-Others Rate**

Pursuant to section 705(c)(5)(A)(i) of the Act, Commerce will determine an all-others rate equal to the weighted-average countervailable subsidy rates established for exporters and/or producers individually investigation, excluding any zero and *de minimis* countervailable subsidy rates, and any rates determined entirely under section 776 of the Act. Commerce preliminarily calculated total net subsidy rates for Kukdo and Kumho that were *de minimis*, and thus did not calculate an estimated weighted-average subsidy rate for all other producers/exporters. We calculated the all-others rate using a weighted average of the individual estimated subsidy rates calculated for the examined respondents (Kukdo and Kumho) using each company's publicly-ranged sales value for their exports to the United States of subject merchandise,<sup>9</sup> in accordance with section 705(c)(5)(A)(i) of the Act.<sup>10</sup>

### **Final Determination**

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<sup>8</sup> *See Preliminary Determination* PDM at 4-7.

<sup>9</sup> 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 quantities 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 Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010); *see also Forged Steel Fluid End Blocks from Italy: Preliminary Affirmative Countervailing Duty Determination, and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 31460, 31461 (May 26, 2020), unchanged in *Forged Steel Fluid End Blocks from Italy: Final Affirmative Countervailing Duty Determination*, 85 FR 80022, 80023 (December 11, 2020).

<sup>10</sup> *See* Memorandum, "Calculation of the All Others Rate," dated concurrently with this memorandum.

Commerce determines that the following estimated net countervailable subsidy rates exist for the period January 1, 2023, through December 31, 2023:

<b>Company</b>	<b>Subsidy Rate (percent <i>ad valorem</i>)</b>
Kukdo Chemical Co., Ltd. <sup>11</sup>	1.01
Kumho P&B Chemicals Inc. <sup>12</sup>	1.84
All Others	1.30

## **Disclosure**

Commerce intends to disclose its calculations and analysis performed to interested parties in this final determination within five days of its public announcement or, if there is no public announcement, within five days of the date of the publication of this notice in the *Federal Register*, in accordance with 19 CFR 351.244(b).

## **Suspension of Liquidation**

Because the *Preliminary Determination* was negative, we did not instruct U.S. Customs and Border Protection (CBP) to suspend entries of subject merchandise. In accordance with section 705(c)(1)(C) of the Act, we are now directing CBP to suspend liquidation of entries of subject merchandise and to require the posting of a cash deposit on all imports of the subject merchandise from Korea that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. The suspension of liquidation will remain in effect until further notice. In addition, pursuant to section 705(c)(1)(B)(ii) of the Act, we are directing CBP to require a cash deposit for such entries of merchandise in the amount indicated above.

As our final determination is affirmative and our preliminary determination was negative, in accordance with section 705(b)(3) of the Act, the U.S. International Trade Commission (ITC) will determine within 75 days whether the domestic industry in the United States is materially

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<sup>11</sup> Commerce continues to find Kukdo Chemical Co., Ltd is cross-owned with Kukdo Finechem Co., Ltd. See *Preliminary Determination* PDM at 9-10.

<sup>12</sup> Commerce continues to determine that Kumho P&B Chemicals Inc. is cross-owned with Kumho Petrochemical Co., Ltd. and Chemoil Corporation. See *Preliminary Determination* PDM at 10.

injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. We will issue a countervailing duty order if the ITC issues a final affirmative injury determination. 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, Commerce will notify the ITC of its final affirmative determination that countervailable subsidies are being provided to producers and exporters of epoxy resins for Korea. As Commerce's final determination is affirmative, in accordance with section 705(b)(3) of the Act, the ITC will determine, within 75 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of import of epoxy resins for Korea. In addition, we are making available to the ITC all non-privileged and non-proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

If the ITC determines that material injury or threat of material injury does not exist, this proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, Commerce will issue a countervailing duty order directing CBP to assess, upon further instruction by Commerce, countervailing duties on all imports of the subject merchandise that are entered, or withdrawn, for consumption on or after the effective date of the suspension of liquidation, as discussed above in the "Continuation of Suspension of Liquidation" section.

### **Administrative Protective Order**

This notice will serve as the only reminder to parties subject to the 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.

**Notification to Interested Parties**

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act, and 19 CFR 351.210(c).

Dated: March 28, 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 is fully or partially uncured epoxy resins, also known as epoxide resins, polyepoxides, oxirane resins, ethoxyline resins, diglycidyl ether of bisphenol, (chloromethyl) oxirane, or aromatic diglycidyl, which are polymers or prepolymers containing epoxy groups (*i.e.*, three-membered ring structures comprised of two carbon atoms and one oxygen atom). Epoxy resins range in physical form from low viscosity liquids to solids. All epoxy resins are covered by the scope of this investigation irrespective of physical form, viscosity, grade, purity, molecular weight, or molecular structure, and packaging.

Epoxy resins may contain modifiers or additives, such as hardeners, curatives, colorants, pigments, diluents, solvents, thickeners, fillers, plasticizers, softeners, flame retardants, toughening agents, catalysts, Bisphenol F, and ultraviolet light inhibitors, so long as the modifier or additive has not chemically reacted so as to cure the epoxy resin or convert it into a different product no longer containing epoxy groups. Such epoxy resins with modifiers or additives are included in the scope where the epoxy resin component comprises no less than 30 percent of the total weight of the product. The scope also includes blends of epoxy resins with different types of epoxy resins, with or without the inclusion of modifiers and additives, so long as the combined epoxy resin component comprises at least 30 percent of the total weight of the blend.

Epoxy resins that enter as part of a system or kit with separately packaged co-reactants, such as hardeners or curing agents, are within the scope. The scope does not include any separately packaged co-reactants that would not fall within the scope if entered on their own.

The scope includes merchandise matching the above description that has been processed in a third country, including by commingling, diluting, introducing, or removing modifiers or additives, or performing any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the subject country.

The scope also includes epoxy resin that is commingled or blended with epoxy resin from sources not subject to this investigation. Only the subject component of such commingled products is covered by the scope of this investigation. Excluded from the scope are phenoxy resins, which are polymers with a weight greater than 11,000 Daltons, a Melt Flow Index (MFI) at 200 °C (392 °F) no less than 4 grams and no greater than 70 grams per 10 min, Glass-Transition Temperatures (Tg) no less than 80 °C (176 °F) and no greater than 100 °C (212 °F), and which contain no epoxy groups other than at the terminal ends of the molecule.

Excluded from the scope are certain paint and coating products, which are blends, mixtures, or other formulations of epoxy resin, curing agent, and pigment, in any form, packaged in one or more containers, wherein (1) the pigment represents a minimum of 10 percent of the total weight of the product, (2) the epoxy resin represents a maximum of 80 percent of the total weight of the product, and (3) the curing agent represents 5 to 40 percent of the total weight of the product.

Excluded from the scope are preimpregnated fabrics or fibers, often referred to as “pre-pregs,” which are composite materials consisting of fabrics or fibers (typically carbon or glass) impregnated with epoxy resin.

Also excluded from the scope is Tetramethyl Bisphenol F Diglycidyl Ether epoxy resin, also known as Tetramethyl Bisphenol F -DGE Polymer (TMBPF-DGE), that (1) has the chemical

name: phenol, 4, 4'-methylenebis[2,6-dimethyl-, polymer with 2-(chloromethyl)oxirane, (2) falls under Chemical Abstract Services (CAS) Registry Number 113693-69-9, and (3) has an epoxy equivalent weight (EEW), also referred to as the weight per epoxide (WPE), of no less than 200 and no greater than 230 grams of epoxy resin per epoxy equivalent (g/eq or GEW).<sup>13</sup>

This merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheading 3907.30.0000. Subject merchandise may also be entered under subheadings 3907.29.0000, 3824.99.9397, 3214.10.0020, 2910.90.9100, 2910.90.9000, 2910.90.2000, and 1518.00.4000. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope is dispositive.

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<sup>13</sup> The bracket in this sentence is part of the chemical formula and does not denote business proprietary information.

## Appendix II

### List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Final Negative Critical Circumstances Determination
- IV. Subsidies Valuation
- V. Use of Facts Otherwise Available and Application of Adverse Inferences
- VI. Changes Since the *Preliminary Determination*
- VII. Analysis of Programs
- VIII. Discussion of the Issues
  - Comment 1: Whether the Provision of Electricity for Less Than Adequate Remuneration (LTAR) is a Countervailable Subsidy
  - Comment 2: Whether Commerce Should Revise Its Benefit Calculation for the Base Charge of the Provision of Electricity for LTAR
  - Comment 3: Whether Commerce Should Revise the Electricity Benchmarks Used to Determine Respondents' Preliminary Subsidy Rate
  - Comment 4: Whether the Provision of Electricity for More than Adequate Remuneration (MTAR) is a Countervailable Subsidy
  - Comment 5: Whether Commerce Should Revise Its Benefit Calculation of the Provision of Electricity for MTAR
  - Comment 6: Whether the Provision of Allocated Korea Allowance Units is a Countervailable Subsidy
  - Comment 7: Whether Commerce Should Revise Its Benchmark to Measure the Benefit to Kumho Under the Korea Emissions Trading System Program
  - Comment 8: Whether the Chemical Substances Registration Support Project is a Countervailable Subsidy
  - Comment 9: Whether Commerce Should Revise Its Benefit Calculation for the Chemical Substances Registration Support Project
  - Comment 10: Whether the Renewable Energy Certificates Program is Countervailable
  - Comment 11: Whether the Loans Received by Kumho from the Korea National Oil Company are Countervailable
  - Comment 12: Whether Certain Programs are *De Facto* Specific
  - Comment 13: Whether Commerce Should Find Kukdo and Several of Its Affiliates to be Cross-Owned
  - Comment 14: Whether Commerce Should Clarify or Correct Aspects of the Government of the Republic of Korea Verification Report
  - Comment 15: Whether Commerce has the Legal Authority under the World Trade Organization Rules and U.S. Law to Investigate Transnational Subsidies
  - Comment 16: Whether Commerce Should Account for Value-Added Taxes on Certain Purchases for ECH from China for LTAR
  - Comment 17: Whether Transnational Subsidies Exist in this Investigation
  - Comment 18: Whether the Provision of ECH from China for LTAR is a Countervailable Subsidy
  - Comment 19: Whether Commerce Should Apply Adverse Facts Available to Kukdo's Inland Freight Costs for Purchases of ECH
  - Comment 20: Whether Commerce Should find the Korean ECH Market is Distorted by Chinese Overcapacity and Subsidies
  - Comment 21: Whether Commerce Should Reverse Its Decision Not to Initiate an Investigation of the Provision of Certain Other Chemical Inputs for LTAR

Comment 22: Whether Chinese Subsidies to an International Consortium is a  
Countervailable Subsidy

IX. Recommendation

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