



DEPARTMENT OF COMMERCE

International Trade Administration

[A-351-864]

Hard Empty Capsules from Brazil: Preliminary Affirmative Determination of Sales at Less Than Fair Value, Postponement of Final Determination, and Extension of Provisional Measures

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

SUMMARY: The U.S. Department of Commerce (Commerce) preliminarily determines that hard empty capsules (capsules) from Brazil are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is October 1, 2023, through September 30, 2024. Interested parties are invited to comment on this preliminary determination.

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

FOR FURTHER INFORMATION CONTACT: Gemma Larsen, AD/CVD Operations, Office I, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-8125.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on November 20, 2024.¹ On March 5, 2025, Commerce postponed the preliminary

¹ See *Hard Empty Capsules from Brazil, the People's Republic of China, India, and the Socialist Republic of Vietnam: Initiation of Less-Than-Fair-Value Investigations*, 89 FR 91684 (November 20, 2024) (*Initiation Notice*).

determination of this investigation until May 22, 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 included 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 merchandise covered by this investigation is capsules from Brazil. 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 in the *Initiation Notice*, Commerce 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*. For a summary of the product coverage comments and rebuttal responses submitted to the record for this preliminary determination, and accompanying discussion and analysis of all comments timely received, *see* the Preliminary Scope Decision Memorandum.⁶ Commerce is not preliminarily modifying the scope language as it appeared in the *Initiation*

² *See Hard Empty Capsules from Brazil, the People’s Republic of China, India, and the Socialist Republic of Vietnam: Postponement of Preliminary Determinations in Less-Than-Fair-Value Investigations*, 90 FR 11257 (March 5, 2025).

³ *See* Memorandum, “Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Hard Empty Capsules from Brazil,” 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 91685.

⁶ *See* Memorandum, “Less-Than-Fair-Value and Countervailing Duty Investigations of Hard Empty Capsules from Brazil, the People’s Republic of China, India, and the Socialist Republic of Vietnam: Scope Comments Decision Memorandum for the Preliminary Determination,” dated March 24, 2025 (Preliminary Scope Decision Memorandum).

Notice. See the scope in Appendix I to this notice. In the Preliminary Scope Decision Memorandum, Commerce established the deadline for parties to submit scope case and rebuttal briefs.⁷

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Constructed export prices have been calculated in accordance with section 772(b) of the Act. Normal value is calculated in accordance with section 773 of the Act. For a full description of the methodology underlying the preliminary determination, see the Preliminary Decision Memorandum.

All-Others Rate

Sections 733(d)(1)(ii) and 735(c)(5)(A) of the Act provide that in the preliminary determination Commerce shall determine an estimated all-others rate for all exporters and producers not individually examined. This rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act.

Commerce calculated an individual estimated weighted-average dumping margin for ACG do Brasil S.A. (ACG Brazil), the only individually examined exporter/producer in this investigation. Because the only individually calculated dumping margin is not zero, *de minimis*, or based entirely on facts otherwise available, the estimated weighted-average dumping margin calculated for ACG Brazil is the margin assigned to all other producers and exporters, pursuant to section 735(c)(5)(A) of the Act.

On December 10, 2024, Commerce received a timely no-shipment certification from Genix Industria Farmaceutica LTDA (Qualicaps Brazil) stating that “Qualicaps Brazil had no exports, shipments, or sales of subject merchandise to the United States during period of

⁷ *Id.* at 10.

investigation.”⁸ On December 16, 2024, Commerce subsequently suspended the deadlines established in the initial antidumping duty (AD) questionnaire for Qualicaps Brazil.⁹ On March 31, 2025, Commerce released the results of a U.S. Customs and Border Protection (CBP) data query showing no entries of capsules from Qualicaps Brazil during the POI and gave interested parties an opportunity to comment.¹⁰ Commerce did not receive comments on the CBP data from any interested party. As such, Commerce preliminarily finds that Qualicaps Brazil is subject to the all-others rate.

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

Exporter/Producer	Estimated Weighted-Average Dumping Margin (percent)	Cash Deposit Rate (Adjusted for Subsidy Offset(s)) (percent)
ACG do Brasil S.A.	77.29	Not Applicable
All Others	77.29	Not Applicable

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct CBP to suspend liquidation of entries of subject merchandise, as described in Appendix I, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the estimated weighted-average dumping margin or the estimated all-others rate, as follows: (1) the cash deposit rate for the respondent listed above will be equal to the company-specific estimated weighted-average dumping margin determined in this preliminary determination; (2) if the exporter is not a respondent identified above, but the producer is, then the cash deposit rate will be equal to the

⁸ See Qualicaps Brazil’s Letter, “Notification of No Shipments,” dated December 10, 2024.

⁹ See Commerce’s Letter, “Suspension of Deadlines for Qualicaps Brazil,” dated December 16, 2024.

¹⁰ See Commerce’s Letter, “Results of Inquiry to U.S. Customs and Border Protection,” dated March 31, 2025.

company-specific estimated weighted-average dumping margin established for that producer of the subject merchandise; and (3) the cash deposit rate for all other producers and exporters will be equal to the all-others estimated weighted-average dumping margin.

Commerce normally adjusts cash deposits for estimated antidumping duties by the amount of export subsidies countervailed in a companion countervailing duty (CVD) proceeding, when CVD provisional measures are in effect. Accordingly, where Commerce preliminarily made an affirmative determination for countervailable export subsidies, Commerce has offset the estimated weighted-average dumping margin by the appropriate CVD rate. Any such adjusted cash deposit rate may be found in the “Preliminary Determination” section above. These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of any public announcement or, if there is no public announcement, within five days of the date of publication of this notice 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) 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.

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

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.¹¹ A timeline for the submission of case briefs and written comments will be notified to interested parties at a later date. 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.¹² Interested parties who submit case or rebuttal briefs in this proceeding must submit: (1) a table of contents listing each issue; and (2) a table of authorities.¹³

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 briefs 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.¹⁴ 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).¹⁵

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, within 30 days after

¹¹ See 19 CFR 351.309(c)(1)(i); see also 19 CFR 351.303 (for general filing requirements).

¹² 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*).

¹³ See 19 CFR 351.309(c)(2) and (d)(2)

¹⁴ We use the term “issue” here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁵ See *APO and Service Final Rule*.

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.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. Pursuant to 19 CFR 351.210(e)(2), Commerce requires that requests by exporters for postponement of the final determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

On April 30, 2025, pursuant to 19 CFR 351.210(e), ACG Brazil requested that Commerce postpone the final determination and that provisional measures be extended to a period not to exceed six months.¹⁶ On May 9, 2025, Lonza Greenwood LLC (the petitioner) also submitted a postponement request.¹⁷ In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) the preliminary determination is affirmative; (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, Commerce will make its final determination no later than 135 days after the date of publication of this preliminary determination.

¹⁶ See ACG Brazil's Letter, "Request to Postpone the Final Determination," dated April 30, 2025.

¹⁷ See Petitioner's Letter, "Lonza's Request for Postponement of the Department's Antidumping Duty Final Determinations," dated May 9, 2025.

U.S. International Trade Commission (ITC) Notification

In accordance with section 733(f) of the Act, Commerce will notify the ITC of its preliminary 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 these imports 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 733(f) and 777(i)(1) of the Act, and 19 CFR 351.205(c).

Dated: May 22, 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 the scope of the investigation is hard empty capsules, which are comprised of two prefabricated, hollowed cylindrical sections (cap and body). The cap and body pieces each have one closed and rounded end and one open end, and are constructed with different or equal diameters at their open ends.

Hard empty capsules are unfilled cylindrical shells composed of at least 80 percent by weight of a water soluble polymer that is considered non-toxic and appropriate for human or animal consumption by the United States Pharmacopeia – National Formulary (USP-NF), Food Chemical Codex (FCC), or equivalent standards. The most common polymer materials in hard empty capsules are gelatin derived from animal collagen (including, but not limited to, pig, cow, or fish collagen), hydroxypropyl methylcellulose (HPMC), and pullulan.

Hard empty capsules may also contain water and additives, such as opacifiers, colorants, processing aids, controlled release agents, plasticizers, and preservatives. Hard empty capsules may also be imprinted or otherwise decorated with markings.

Hard empty capsules are covered by the scope of the investigation regardless of polymer material, additives, transparency, opacity, color, imprinting, or other markings.

Hard empty capsules are also covered by the scope of the investigation regardless of their size, weight, length, diameter, thickness, and filling capacity.

Cap and body pieces of hard empty capsules are covered by the scope of the investigation regardless of whether they are imported together or separately, and regardless of whether they are imported in attached or detached form.

Hard empty capsules covered by the scope of the investigation are those that disintegrate in water within 2 hours under tests specified in Chapter 701 of the USP-NF, or equivalent disintegration tests.

Hard empty capsules are classifiable under subheadings 9602.00.1040 and 9602.00.5010 of the Harmonized Tariff Schedule of the United States (HTSUS). In addition, hard empty capsules may be imported under HTSUS subheading 1905.90.9090; gelatin hard empty capsules may be imported under HTSUS subheading 3503.00.5510; HPMC hard empty capsules may be imported under HTSUS subheading 3923.90.0080; and pullulan hard empty capsules may be imported under HTSUS subheading 2106.90.9998. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise covered by the investigation is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Period of Investigation
- IV. Affiliation
- V. Discussion of the Methodology
- VI. Currency Conversion
- VII. Adjustments to the Cash Deposit Rates for Export Subsidies in the Companion
Countervailing Duty Investigation
- VIII. Recommendation

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