



DEPARTMENT OF COMMERCE

International Trade Administration

[C-533-935]

Hard Empty Capsules from India: Final Affirmative Countervailing Duty 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 hard empty capsules (capsules) from India. The period of investigation (POI) is April 1, 2023, through March 31, 2024.

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

FOR FURTHER INFORMATION CONTACT: Katherine Smith or Gorden Struck, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-0557 or (202)-482-8151, respectively.

SUPPLEMENTARY INFORMATION:

Background

On March 31, 2025, Commerce published *Preliminary Determination* in the *Federal Register* and invited interested parties to comment.¹ In the *Preliminary Determination*, and in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.210(b)(4), Commerce aligned the final countervailing duty (CVD) determination with the final determination in the less-than-fair-value investigation of capsules from India.²

Due to the lapse in appropriations and Federal Government shutdown, on November 14, 2025, Commerce tolled all deadlines in administrative proceedings by 47 days.³ Additionally,

¹ See *Hard Empty Capsules from India: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination With Final Antidumping Duty Determination*, 90 FR 14237 (March 31, 2025) (*Preliminary Determination*), and accompanying Preliminary Decision Memorandum (PDM).

² See *Preliminary Determination*, 90 FR 14238.

³ See Memorandum, “Deadlines Affected by the Shutdown of the Federal Government,” dated November 14, 2025.

due to a backlog of documents that were electronically filed via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS) during the Federal Government shutdown, on November 24, 2025, Commerce tolled all deadlines in administrative proceedings by an additional 21 days.⁴ Accordingly, the deadline for this final determination is now December 18, 2025.

For a complete description of the events that followed the *Preliminary Determination*, see the Issues and Decision Memorandum.⁵ The Issues and Decision Memorandum is a public document and is made available to the public via 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 products covered by this investigation are hard empty capsules from India. For a complete description of the scope of the investigation, see Appendix I.

Scope Comments

In the Preliminary Scope Memorandum, we set aside a period of time for parties to raise issues regarding product coverage (*i.e.*, scope) in scope-specific case briefs or other written comments.⁶ We received scope case and rebuttal briefs from multiple interested parties. For a summary of the product coverage comments and rebuttal responses submitted to the record for this final determination, and accompanying discussion and analysis of all comments timely received, see the Final Scope Memorandum.⁷ In the Final Scope Memorandum, Commerce

⁴ See Memorandum, "Tolling of all Case Deadlines," dated November 24, 2025.

⁵ See Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination of the Countervailing Duty Investigation of Hard Empty Capsules from India," dated concurrently with, and hereby adopted by, this notice (Issues and Decision Memorandum).

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

⁷ 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: Final Scope Decision Memorandum," dated concurrently with this notice (Final Scope Memorandum).

determined that it is modifying the scope language as it appeared in the *Initiation Notice*.⁸ See Appendix I.

Verification

As provided in section 782(i) of the Act, in July and August 2025, Commerce conducted verification of the subsidy information reported by ACG Associated Capsules Private Limited (ACPL) and its affiliates, ACG Pam Pharma Technologies Private Limited (ACG PAM) and ACG Universal Capsules Private Limited (AUCPL) (collectively, ACG).⁹

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. 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 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.¹⁰ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

Changes Since the Preliminary Determination

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 ACG, and for all other producers/exporters. For a discussion of these changes, *see* the Issues and Decision Memorandum.

⁸ See *Hard Empty Capsules from Brazil, the People's Republic of China, India, and the Socialist Republic of Vietnam: Initiation of Countervailing Duty Investigations*, 89 FR 91680 (November 20, 2024) (*Initiation Notice*).

⁹ See Memorandum, “Verification of the Questionnaire Responses of ACG Associated Capsules Private Limited,” dated August 21, 2025 (ACG Verification Report).

¹⁰ 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.

All-Others Rate

Section 705(c)(5)(A) of the Act provides that in a final determination, Commerce shall determine an estimated all-others rate for companies not individually examined equal to the weighted average of the estimated countervailable subsidy rates established for exporters and producers individually examined, excluding any zero or de minimis countervailable subsidy rates and any rates based entirely under section 776 of the Act (facts available). If the individual estimated countervailable subsidy rates established for all exporters and producers individually examined are zero, de minimis, or determined entirely under section 776 of the Act, section 705(c)(5)(A)(ii) of the Act provides that Commerce may use any reasonable method to establish an estimated all-others countervailable subsidy rate for exporters and producers not individually investigated, including averaging the weighted average countervailable subsidy rates determined for the exporters and producers individually investigated.

In this investigation, we continue to calculate an individual total net countervailable subsidy rate for ACG, the only individually examined producer/exporter in this investigation, that is not zero, *de minimis*, or based entirely on facts otherwise available and there are no other countervailable subsidy rates on the record. Given these facts, Commerce has determined that a reasonable method for establishing the estimated all-others' countervailable subsidy rate is to assign ACG's estimated countervailable subsidy rate to all other producers and exporters.

Final Determination

Commerce determines that the following estimated net countervailable subsidy rates exist for the period April 1, 2023, through March 31, 2024:

Company	Subsidy Rate (percent <i>ad valorem</i>)
ACG Associated Capsules Private Limited; ACG Pam Pharma Technologies Private Limited; ACG Universal Capsules Private Limited	7.06
All Others	7.06

Disclosure

Commerce intends to disclose its calculations 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 351.224(b).

Suspension of Liquidation

As a result of our *Preliminary Determination*, and pursuant to sections 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to collect cash deposits and suspend liquidation of entries of subject merchandise from India that were entered, or withdrawn from warehouse, for consumption on or after March 31, 2025, the date of publication of the *Preliminary Determination* in the *Federal Register*. In accordance with section 703(d) of the Act, we instructed CBP to discontinue the suspension of liquidation of all entries of subject merchandise entered or withdrawn from warehouse, on or after July 29, 2025, but to continue the suspension of liquidation of all entries of subject merchandise on or before July 28, 2025.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a CVD order, reinstate the suspension of liquidation under section 706(a) of the Act, and require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above. Pursuant to section 705(c)(2) of the Act, 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 cancelled.

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 capsules from India. As Commerce's final determination is affirmative, in accordance with section 705(b) 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 import of capsules from India. 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 CVD 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 “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: December 18, 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 this 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 this investigation regardless of polymer material, additives, transparency, opacity, color, imprinting, or other markings.

Hard empty capsules are also covered by the scope of this 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 this 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 this investigation are those that disintegrate in water, simulated intestinal fluid, simulated gastric fluid, or other similar water-based (*i.e.*, aqueous) fluids 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 this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary
- II. Background
- III. Use of Facts Otherwise Available and Application of Adverse Inferences
- IV. Subsidies Valuation
- V. Changes Since the *Preliminary Determination*
- VI. Analysis of Programs
- VII. Discussion of the Issues
 - Comment 1: Whether Commerce Erred in Selecting ACPL as the Sole Mandatory Respondent in This Proceeding
 - Comment 2: Whether Commerce Should Apply Adverse Facts Available (AFA) Due to AGC PAM's Misreported Export Sales
 - Comment 3: Whether Commerce Should Apply AFA to ACG Regarding Its Relationship With Custom Capsules Private Limited (Custom Capsules)
 - Comment 4: Whether Commerce Should Find that the State Government of Maharashtra (SGOM) Provided Land for LTAR to ACG
 - Comment 5: Whether Commerce Should Correct its Benefit Calculation for the SGOM Waiver of Stamp Duty and Find this Program Provided a Countervailable Benefit During the POI
 - Comment 6: Whether Commerce Used the Correct AUL Period Export Sales Figures for ACG India Throughout its Calculations
 - Comment 7: Whether Commerce Should Complete its Benefit Calculation for EPCGS Loans Outstanding
 - Comment 8: Whether Commerce Should Correct Its Calculation for the Advance Authorization Program (AAP)
 - Comment 9: Whether Commerce Should Correct the Methodology for Calculating Benefits for Duty Free Import Authorizations (DFIA) Under the Special Economic Zone Program
 - Comment 10: Whether Commerce Incorrectly Allocated Benefits Under the Duty Drawback Program (DDP)
 - Comment 11: Whether Commerce Should Revise the Methodology to Calculate Benefits Related to the Remission of Duties and Taxes on Export Products (RODTEP) Scheme
- VIII. Recommendation