



DEPARTMENT OF COMMERCE

International Trade Administration

[C-557-835]

Certain Fatty Acids from Malaysia: 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 certain fatty acids (fatty acids) from Malaysia. The period of investigation is January 1, 2025, through December 31, 2025. Interested parties are invited to comment on this preliminary determination.

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

FOR FURTHER INFORMATION CONTACT: Brandon James or Rachel Accorsi, AD/CVD Operations, Office VIII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-7472 or (202) 482-3149, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on March 13, 2026.¹ On April 29, 2026, Commerce postponed the preliminary determination of this investigation and the revised deadline is now July 17, 2026.² For a complete description of the events that followed the initiation of this investigation, *see the*

¹ See *Certain Fatty Acids From Indonesia and Malaysia: Initiation of Countervailing Duty Investigations*, 91 FR 12342 (March 13, 2026) (*Initiation Notice*).

² See *Certain Fatty Acids from Indonesia and Malaysia: Postponement of Preliminary Determinations in the Countervailing Duty Investigations*, 91 FR 23061 (April 29, 2026).

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), which 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/frnotices>.

Scope of the Investigation

The products covered by this investigation are fatty acids from Malaysia. 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 countervailing duty (CVD) investigations on or before the preliminary determinations of the companion Indonesia and Malaysia LTFV investigations.

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.⁶ Commerce notes that, in making these findings, it

³ See Memorandum, "Decision Memorandum for the Preliminary Affirmative Determination in the Countervailing Duty Investigation of Certain Fatty Acids from Malaysia," 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*, 91 FR at 12343.

⁶ 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.

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.⁷ For further information, *see* the "Use of Facts Otherwise Available and Adverse Inferences" section in the Preliminary Decision Memorandum.

Alignment

As noted in the Preliminary Decision Memorandum, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), Commerce is aligning the final CVD determination in this investigation with the final determination in the companion LTFV investigation of fatty acids from Malaysia based on a request made by Vantage Specialty Chemicals, Inc. (the petitioner).⁸ Consequently, the final CVD determination will be issued on the same date as the final LTFV determination, which is currently scheduled to be issued no later than November 30, 2026, unless postponed.

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 calculated individual estimated countervailable subsidy rates for Evyap Sabun Malaysia Sdn Bhd (Evyap) and Palm-Oleo Sdn Bhd. (Palm-Oleo) that are not zero, *de minimis*, or based entirely on facts otherwise available. Commerce calculated the all-others rate using a weighted average of the individual estimated subsidy rates calculated for

⁷ See sections 776(a) and (b) of the Act.

⁸ See Petitioner's Letter, "Petitioner's Request to Align Final Countervailing Duty Determinations with the Companion Antidumping Duty Final Determinations," dated July 1, 2026.

the examined respondents using each company's publicly-ranged values for the merchandise under consideration.⁹

Preliminary Determination

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

Company	Subsidy Rate (percent <i>ad valorem</i>)
Evyap Sabun Malaysia Sdn Bhd	4.40
Palm-Oleo Sdn Bhd. ¹⁰	4.19
All Others	4.32

Suspension of Liquidation

In accordance with section 703(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 section 703(d)(1)(B) of the Act and 19 CFR 351.107(e), Commerce will instruct CBP to require a cash deposit equal to the estimated company-specific countervailable subsidy rate or the estimated all-others rate, as follows: (1) the cash deposit rate for the respondents listed above will be equal to the company-specific estimated individual countervailable subsidy rates determined in this preliminary determination; (2) if both the producer and exporter of the subject merchandise have company-specific estimated subsidy rates determined in this preliminary determination, and their rates differ, then the applicable cash deposit rate will be the higher of these two rates; (3) if either

⁹ 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 19 CFR 351.109(f)(2)(ii). 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 the All-Others Rate Calculation Memorandum.

¹⁰ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Palm-Oleo: Kuala Lumpur Kepong Berhad; KL-Kepong Oleomas Sdn Bhd.; Palm-Oleo (Klang) Sdn Bhd.; KL-Kepong Industrial Holdings Sdn Bhd.; Fajar Palmkel Sdn Berhad; and KLK Alami Edible Oils Sdn Bhd.

the producer or the exporter, but not both, of the subject merchandise have a company-specific estimated subsidy rate determined in this preliminary determination, the applicable cash deposit rate will be that company's company-specific rate; and (4) the cash deposit rate for all other producers and exporters will be equal to the estimated all-others subsidy rate.

Disclosure

Commerce intends to disclose its calculations 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 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 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. 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.¹¹ 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.¹²

As provided under 19 CFR 351.309(c)(2)(iii) and (d)(2)(iii), we request that interested parties provide at the beginning of their briefs a public, executive summary for each issue raised in their briefs.¹³ 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).¹⁴

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 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.

U.S. International Trade Commission (ITC) Notification

In accordance with section 703(f) of the Act, Commerce will notify the 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

¹¹ 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*).

¹² See 19 CFR 351.309(c)(2) and (d)(2).

¹³ We use the term "issue" here to describe an argument that Commerce would normally address in a comment of the Issues and Decision Memorandum.

¹⁴ See *APO and Service Final Rule*.

whether imports of fatty acids from Malaysia are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act, and 19 CFR 351.205(c).

Dated: July 17, 2026.

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 these investigations is certain fatty acids, which are organic acids made of a hydrocarbon chain with a carboxylic acid group (*i.e.*, an organic acid that contains a carboxyl group $(-C(=O)-OH)$ attached to an R-group, sometimes also written as R-COOH, R-C(O)OH, or R-CO₂H) at one end with a carbon chain length (*i.e.*, the number of carbon atoms in the fatty acid chain) of C6, C8, C10, C12, C14, C16, or C18, with an iodine value below 105 g/100 g and with a ratio of free fatty acids to triglycerides (also known as the “degree of split” or DoS) of at least 97 percent, including single fatty acid (also referred to as “pure cut”), and blends containing a combination of two or more carbon chain lengths.

Certain fatty acids covered by the scope range in physical form from low viscosity liquids to solids. Certain fatty acids are covered by the scope of these investigations irrespective of whether they have gone through a distillation process and regardless of acid content, reactivity, functionality, freeze stability, heat stability, physical form, viscosity, grade, purity, molecular weight, or packaging.

Certain fatty acids may contain additives, such as catalysts, solvents, antioxidants, fire retardants, colorants, pigments, diluents, thickeners, fillers, softeners, and toughening agents.

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

The scope also includes certain fatty acids that are commingled or blended with certain fatty acids from sources not subject to these investigations. Only the subject component of such commingled products is covered by the scope of these investigations.

Certain fatty acids covered by the scope are also commonly called pure, pure cut, fractionated, or distilled fatty acid or mixed, mixed cut, or blended fatty acid, with the terms pure, pure cut, fractionated, and distilled typically referring to specific single-chain fatty acids that have been separated from a mixed natural source such as animal fat or vegetable oil using processes like hydrolysis (the breakdown of fat molecules by water, catalyzed by acid, base, or enzymes (lipases) to yield glycerol and free fatty acids), distillation, and crystallization, and the terms mixed or mixed cut referring to combinations, blends or mixtures of different single-chain fatty acids also derived from a natural source such as animal fat or vegetable oil using processes like hydrolysis, distillation, and crystallization. Common names for pure, pure cut, fractionated, or distilled fatty acids forms include stearic acid and oleic acid. Common names for mixed or mixed cut fatty acids include coconut fatty acid, hardened coconut fatty acid, topped coconut fatty acid, topped hardened coconut fatty acid, palm kernel fatty acid, hardened palm kernel fatty acid, topped palm kernel fatty acid, topped hardened palm kernel fatty acid, palm fatty acid, palm stearin fatty acid, palm fatty acid distillate, and palm olein fatty acid.

Certain fatty acids covered by the scope are normally associated with Chemical Abstracts Service (CAS) registry numbers 57-11-4, 112-80-1, 61790-38-3, 67701-05-7, 67701-06-8, 67707-01-3, 68938-15-8, 101403-98-9, 91771-90-3, 90990-15-1, 68440-15-3, 98106-68-4, 98106-66-2, 90990-08-1, and 90990-08-2 but several others may also be used.

Specifically excluded from the scope are certain fatty acids containing 90 percent or more, by

weight, of fatty acids with carbon chain lengths of C6, C8, or C10 (or any combination thereof). The scope also does not include mixtures of certain fatty acids with other materials, when the combined certain fatty acids component comprises less than 80 percent of the total weight of the mixture.

The merchandise is currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 2915.70.0110, 2915.70.0120, 2915.70.0150, 2915.90.1010, 2915.90.1050, 2916.15.1000, 2916.15.5100, 3823.11.0000, 3823.12.0000, 3823.19.2000, and 3823.19.4000 and may also enter under 3824.99.4190.

The HTSUS subheadings set forth above are provided for convenience and customs purposes only. The written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope Comments
- IV. Alignment
- V. Injury Test
- VI. Diversification of Malaysia's Economy
- VII. Use of Facts Otherwise Available and Adverse Inferences
- VIII. Subsidies Valuation Information
- IX. Benchmarks and Discount Rates
- X. Analysis of Programs
- XI. Recommendation

[FR Doc. 2026-14870 Filed: 7/22/2026 8:45 am; Publication Date: 7/23/2026]