

New Antidumping and Countervailing Duty Petitions on Hard Empty Capsules from Brazil, China, India, and Vietnam

Article By:

International Trade Practice at Squire Patton Boggs

On October 24, 2024, Lonza Greenwood LLC (Petitioner or Lonza), domestic producer of hard empty capsules (HECs), filed petitions with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC) seeking the imposition of antidumping duties (AD) and countervailing duties (CVD) on imports of HECs from Brazil, China, India, and Vietnam. HECs refer to two-piece unfilled cylindrical shells that are composed primarily of a non-toxic, biodegradable, biocompatible, and water soluble polymer material, used by the pharmaceutical and nutraceutical industries.

Under U.S. law, a domestic industry may petition the United States government to initiate an AD investigation into the pricing of an imported product to determine whether it is sold in the United States at less than fair normal value prices. For market economies, such as Brazil and India, normal value is home market or third-country price, or actual cost plus reasonable profit of the foreign producer/exporter. For deemed non-market economies, such as China and Vietnam, normal value is a constructed cost plus deemed reasonable profit based on surrogate values in a market economy deemed of comparable level of economic development to China and Vietnam.

A domestic industry also may petition for the initiation of an investigation of alleged countervailable subsidies provided by a foreign government to producers and exporters of the subject merchandise. DOC will impose AD and/or CVD duties on subject merchandise if it determines that imports of that product are dumped and/or subsidized, and if the ITC also determines that the domestic industry is materially injured or threatened with such injury by reason of imports of the subject merchandise.

The immediate activity will occur at the ITC. In the preliminary stage, the threshold to find injury from the accused imports is low such that the ITC generally finds sufficient indicia of injury to a U.S. industry from the accused imports to continue the AD/CVD investigations. If the ITC votes to continue, then the investigation moves to DOC.

If the ITC and DOC make preliminary affirmative determinations, U.S. importers will be required to post cash deposits in the amount of the AD and/or CVD duties for all entries of the subject merchandise entered on or after the date of DOC's preliminary determinations being published in the Federal Register. Note that if there is a surge of imports from the subject countries following the filing of the petitions, DOC can find critical circumstances for a particular subject country (or producer) and

instruct U.S. Customs & Border Protection (CBP) to collect cash deposits retroactively to 90 days before the date of publication of the preliminary determination.

Following further factual investigation, verification, and briefing, DOC can change the preliminary AD/CVD rates in its final determinations. AD/CVD Orders will only issue if both the DOC and ITC make affirmative final determinations. The ITC final injury investigation is more rigorous than its preliminary injury investigation, where historically 30% or so of petitions are rejected at that stage.

Scope

Petitioner requests the following product scope for the investigation:

“The merchandise subject to the scope of this investigation is hard empty capsules (HECs), which are unfilled cylindrical shells composed of at least 80 percent by weight of a non-toxic, biodegradable, biocompatible, and water soluble polymer, and may also contain water, additives, opacifiers, colorants, and processing aids. HECs may also be imprinted or otherwise decorated with markings.

The most common polymer materials in HECs are gelatin derived from animal collagen (including, but not limited to, pig, cow, or fish collagen), hydroxypropyl methylcellulose (HPMC), and pullulan. However, HECs may also be made of other non-toxic, biodegradable, biocompatible, and water soluble polymer materials. HECs 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.

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

HECs 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 HECs 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.

Products that do not disintegrate/dissolve in a liquid biorelevant medium (e.g., water) under tests specified in the United States Pharmacopeia – National Formulary (USP-NF), or equivalent disintegration/dissolution tests, within 2 hours are not covered by the scope of this investigation.

HECs are classifiable under subheadings 9602.00.1040 or 9602.00.5010 of the Harmonized Tariff Schedule of the United States (HTSUS). In addition, gelatin HECs may be imported under HTSUS subheading 3503.00.5510; HPMC HECs may be imported under HTSUS subheading 3923.90.0080; and pullulan HECs 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.”

Foreign Producers and Exporters of Subject Merchandise

A list of foreign producers and exporters of HECs, as identified in the petition, is provided in [Attachment 1](#).

U.S. Importers of Subject Merchandise

A list of U.S. importers of HECs, as identified in the petition, is provided in [Attachment 2](#).

Alleged Margins of Dumping/Subsidization

Petitioners allege the following dumping import duty margins:

Brazil: 78.43% – 98.74%

China: 136.51% – 170.91%

India: 57.50% – 86.34%

Vietnam: 65.97% – 89.33%

These are only estimates based on data most favorable to Petitioner. DOC generally assigns duties at the highest alleged dumping rate to foreign producers and exporters who fail to cooperate during the investigation as to answering DOC questionnaires to obtain an AD/CVD margin based on their actual situation.

Petitioner does not provide specific subsidy rates in the petition.

Potential Trade Impact

According to official U.S. import statistics, imports of the subject merchandise totaled \$146.62 million and 39.13 million units (in '000 units) in 2023, representing approximately 75% of all imports of HECs into the United States.

Estimated Schedule of Investigations

10/24/2024	Petition filed
12/8/2024	ITC preliminary injury determination
1/17/2025	DOC preliminary CVD determination, if not postponed
3/23/2025	DOC preliminary CVD determination, if fully postponed
4/2/2025	DOC preliminary AD determination, if not postponed
5/22/2025	DOC preliminary AD determination, if fully postponed
10/4/2025	DOC final AD and CVD determinations, if both preliminary and final determinations fully postponed
11/18/2025	ITC final injury determination, if DOC's determinations fully postponed
11/25/2025	AD/CVD orders published

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