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February 21, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

FROM: Christian Marsh 
 Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

SUBJECT: Issues and Decision Memorandum for the Final Results of
Countervailing Duty Administrative Review: Polyethylene
Terephthalate Film, Sheet, and Strip (PET film) from India; 2011

SUMMARY

The Department of Commerce (the Department) analyzed the case brief submitted by SRF Limited (SRF) in the administrative review of the countervailing duty order on polyethylene terephthalate film, sheet, and strip (PET film) from India. As a result of this analysis, we made changes to the preliminary results. We recommend that you approve the positions described in the "Discussion of the Issues" section of this memorandum.

BACKGROUND

On August 7, 2013, the Department published the preliminary results of the administrative review of the countervailing duty order on polyethylene terephthalate film, sheet, and strip (PET film) from India.¹ The review covers one producer/exporter of the subject merchandise, SRF. The period of review (POR) is January 1, 2011, through December 31, 2011. SRF submitted a case brief on September 20, 2013. No other interested party, including domestic interested parties, DuPont Teijin Films, Mitsubishi Polyester Film, Inc., SKC, Inc. and Toray Plastics (America), Inc. (collectively, Petitioners) submitted a case brief or rebuttal brief with respect to the Preliminary Results.

On December 2, 2013, the Department extended the deadline for the final results of review by 60 days to February 21, 2014.

¹ See Polyethylene Film, Sheet and Strip From India: Preliminary Results of Countervailing Duty Administrative Review; 2011, 78 FR 48147 (August 7, 2013) (Preliminary Results).



Scope of the Order

For purposes of the order, the products covered are all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet and strip, whether extruded or coextruded. Excluded are metallized films and other finished films that have had at least one of their surfaces modified by the application of a performance-enhancing resinous or inorganic layer of more than 0.00001 inches thick. Imports of PET film are classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item number 3920.62.00.90. HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of this proceeding is dispositive.

Period of Review

January 1, 2011, through December 31, 2011.

Analysis of the Issue**Comment: The Department Miscalculated The Short-Term Benchmark Interest Rate**

- The error resulted in significantly overstating SRF's benefit from the pre-shipment export financing program.
- The weighted-average commercial interest rates the Department calculated for the POR were substantially higher than the highest individual interest rate reported by SRF, whereas arithmetically, the weighted-average interest rate must fall somewhere between the highest and the lowest interest rate calculated.
- This mistake was made because the Department's calculation of the weighted-average interest rate did not correctly derive the total figure that was needed for the relevant denominator used in the weighted-average interest formula.
- The Department made an error by using the sum of borrowing in U.S. dollars.
- The Department calculated for each loan reported an interest rate for each period for which interest was reported, which is not correct based on the methodology used by the Department to derive the weighted average. By calculating a weighted-average interest rate for each loan for each period, the Department multiplied the same loan amount more than one time, based on the number of periods for which interest was reported.
- To derive a corrected weighted average, the total used in the denominator also has to be the sum of the loans based on the number of times for which interest was calculated on the loan.
- The resulting loan amount is not the actual total borrowing, but it is the figure that must be used to derive a valid weighted average using the Department's methodology.

- The resulting benchmark interest rate, using that denominator, must be used to calculate the benefit from the pre-shipment export financing program. This will reduce the benefit from the pre-shipment export financing to zero.

Department Position: We agree with SRF that the Department incorrectly calculated the weighted-average commercial interest rate on SRF's short-term commercial loans for its benchmark calculations, by calculating multiple interest rates on one loan, based on interest payment periods, without increasing the total loan amount based on the frequency of interest payments on a loan. As a result, we have made the changes that SRF proposed and are summarized above. Because the Department calculated multiple interest rates on one loan, the total loan amount for the Department's denominator in weight-averaging should have been weighted by the multiple of the interest rates per individual loan. We have, therefore, revised our U.S. dollar-denominated short-term benchmark calculations to correct this error in the manner described above.

Furthermore, we have applied the revised U.S. dollar-denominated short-term benchmark rate to our benefit calculations for the pre-shipment export financing program, and derived a revised rate of zero percent for this program.

RECOMMENDATION:

Based on our analysis of the comment received, we recommend adopting the above position. If accepted, we will publish the final results of review in the Federal Register.

AGREE ✓ DISAGREE _____

Paul Piquado
Paul Piquado
Assistant Secretary
for Enforcement and Compliance

21 February 2014
Date