




A-533-824
Administrative Review
POR: 07/01/2012-06/30/2013
Public Document
AD/CVD Operations/OVII: TP

August 18, 2014

MEMORANDUM TO: Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for Preliminary Results and Partial
Rescission of Antidumping Duty Administrative Review:
Polyethylene Terephthalate Film, Sheet, and Strip from India;
2012-2013

Summary

The Department of Commerce (the Department) is conducting an administrative review of the antidumping duty (AD) order on polyethylene terephthalate film, sheet, and strip from India (PET Film). This review covers Jindal Poly Films Limited (Jindal) and SRF Limited (SRF).

The period of review (POR) is July 1, 2012, through June 30, 2013. We preliminarily find that Jindal did, and that SRF did not, sell PET Film in the United States below normal value (NV).

Background

Pursuant to section 751(a)(1) of the Tariff Act of 1930, as amended (the Act), and in accordance with 19 CFR 351.213(b)(2), Petitioners¹, domestic interested parties Polyplex, USA LLC (Polyplex USA) and Flex Films (USA) Inc. (Flex USA), Jindal, and SRF requested

¹ DuPont Teijin Films, Mitsubishi Polyester Film, Inc., and SKC, Inc. (collectively Petitioners).



administrative reviews between July 29, 2013 and July 31, 2013.² On August 28, 2013, the Department published a notice of initiation of administrative review of the AD order on PET Film from India.³

On October 18, 2013, the Department exercised its discretion to toll deadlines for the duration of the closure of the federal government from October 1 through October 16, 2013.⁴ As a result, the revised deadline for the preliminary results was extended to April 18, 2014. Further, on April 1, 2014, in accordance with section 751(a)(3)(A) of the Act, the Department extended the due date for the preliminary results by an additional 120 days to August 18, 2014.⁵

Partial Rescission

On December 12, 2013, Petitioners timely withdrew their requests for all companies except Jindal. On the same date, SRF and Jindal timely withdrew their self-requested reviews. Domestic interested parties (Polyplex USA and Flex USA) timely withdrew their requests for reviews of all companies except Jindal and SRF.

On December 18, 2013, Jindal and SRF filed a request with the Department to reject Polyplex USA's and Flex USA's review requests in both the AD and the countervailing duty proceedings because, they alleged, the requestors did not have standing to request a review for the current PORs. The Department made an interested party determination on March 20, 2014, concluding that Polyplex USA and Flex USA were eligible to request administrative reviews for this proceeding.⁶

² See letter from Petitioners "Polyethylene Terephthalate (PET) Film, Sheet, and Strip from India: Request for Antidumping Duty Administrative Review" (July 31, 2014); letter from Polyplex USA and Flex USA "Polyethylene Terephthalate (PET) Film, Sheet, and Strip from India: Request for Antidumping Duty Administrative Review" (July 30, 2014); letter from Jindal "Polyethylene Terephthalate (PET) Film from India/Request for Antidumping Admin Review/Jindal Poly Films Limited" (July 30, 2014); and letter from SRF "Polyethylene Terephthalate (PET) Film from India/Request for Antidumping Admin Review/ SRF Limited" (July 29, 2014).

³ See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 78 FR 53128 (August 28, 2013). The companies we initiated reviews for were Ester Industries (Ester), Garware Polyester Ltd. (Garware), Jindal, MTZ Polyesters Ltd. (MTZ), Polyplex Corporation Ltd. (Polyplex), SRF, Uflex Limited (Uflex), and Vacmet. Petitioners requested a review for six companies (Ester, Garware, Polyplex, SRF, Jindal, and Vacmet). Polyplex USA and Flex USA requested a review for eight companies (SRF, Jindal, Polyplex, Garware, Ester, Uflex, MTZ, and Vacmet). In addition, SRF and Jindal self-requested administrative reviews.

⁴ See Memorandum to the File from Paul Piquado, Assistant Secretary for Enforcement and Compliance, dated October 18, 2013, regarding "Deadlines Affected by the Shutdown of the Federal Government."

⁵ See the March 18, 2014 memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations entitled "Polyethylene Terephthalate Film, Sheet and Strip from India: Extension of Deadline for Preliminary Results of Antidumping Duty Administrative Review – 2012-2013 and Countervailing Duty Administrative Review - 2012."

⁶ See Memorandum to Edward Yang, Director AD/CVD Operations, Office VII, Enforcement and Compliance re: Interested Party Status in the Antidumping Duty (AD) and Countervailing Duty (CVD) Administrative Reviews: Polyethylene Terephthalate Film, Sheet, and Strip (PET film) from India; 2012 – 2013 (March 20, 2013).

As Petitioners', Polyplex USA's, and Flex USA's withdrawal requests were timely filed, we are rescinding this administrative review with respect to Polyplex, Garware, Ester, Uflex, MTZ, and Vacmet), and proceeding with the review of Jindal and SRF.⁷

Scope of the Order

The products covered by the AD order are all gauges of raw, pretreated, or primed PET Film, 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 currently 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 the antidumping duty order is dispositive.

Comparisons to Normal Value

Pursuant to section 773(a)(1)(B) of the Act and 19 CFR 351.414(c)(1) and (d) (2012), to determine whether Jindal's and SRF's sales of subject merchandise from India to the United States were made at less than NV, the Department compared the export price (EP) to the NV as described in the "Export Price" and "Normal Value" sections of this memorandum.

A. Determination of Comparison Method

Pursuant to 19 CFR 351.414(c)(1) (2012), the Department calculates dumping margins by comparing weighted-average NVs to weighted-average EPs (or constructed export prices (CEP)) (the average-to-average method) unless the Secretary determines that another method is appropriate in a particular situation. In less-than-fair-value investigations, the Department examines whether to compare weighted-average NVs to the EP or CEP of individual U.S. sales (the average-to-transaction method) as an alternative comparison method using an analysis consistent with section 777A(d)(1)(B) of the Act. Although section 777A(d)(1)(B) of the Act does not strictly govern the Department's examination of this question in the context of administrative reviews, the Department nevertheless finds that the issue arising under 19 CFR 351.414(c)(1) in administrative reviews is, in fact, analogous to the issue in AD investigations.⁸ In recent proceedings, the Department has applied a differential pricing analysis for determining whether application of average-to-transaction comparisons is appropriate in a particular situation pursuant to 19 CFR 351.414(c)(1) and consistent with section 777A(d)(1)(B) of the Act.⁹ The Department finds that the differential pricing analysis used in those recent proceedings may be instructive for purposes of examining whether to apply an alternative comparison method in this administrative review. The Department will continue to develop its approach in this area based

⁷ See 19 CFR 351.213(d)(1).

⁸ See *Ball Bearings and Parts Thereof From France, Germany, and Italy: Final Results of Antidumping Duty Administrative Reviews; 2010–2011*, 77 FR 73415 (December 10, 2012).

⁹ See *Polyethylene Terephthalate Film, Sheet, and Strip From India: Preliminary Results of Antidumping Duty Administrative Review; 2011–2012*, 78 FR 48143 and accompanying Decision Memorandum at "Determination of Comparison Method" and "Results of Differential Pricing Analysis" (August 7, 2013) (*2011/2012 PET Film Preliminary Results*), unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip From India: Final Results of Antidumping Duty Administrative Review; 2011–2012*, 79 FR 11406 (February 28, 2014).

on comments received in this and other proceedings, and on the Department's additional experience with addressing the potential masking of dumping that can occur when the Department uses the average-to-average method in calculating weighted-average dumping margins.

The differential pricing analysis used in these preliminary results requires a finding of a pattern of prices for comparable merchandise that differs significantly among purchasers, regions, or time periods. If such a pattern is found, then the differential pricing analysis evaluates whether such differences can be taken into account when using the average-to-average method to calculate the weighted-average dumping margin. The differential pricing analysis used here evaluates all purchasers, regions, and time periods to determine whether a pattern of prices that differ significantly exists. The analysis incorporates default group definitions for purchasers, regions, time periods, and comparable merchandise. For each respondent, purchasers are based on the reported customer codes. For both respondents, regions are defined using the reported destination code (*i.e.*, zip code) and are grouped into regions based upon standard definitions published by the U.S. Census Bureau. Time periods are defined by the quarter within the POR being examined based upon the reported date of sale. For purposes of analyzing sales transactions by purchaser, region and time period, comparable merchandise is considered using the product control number and any characteristics of the sales, other than purchaser, region and time period, that the Department uses in making comparisons between export price and NV for the individual dumping margins.

In the first stage of the differential pricing analysis used here, the "Cohen's *d* test" is applied. The Cohen's *d* test is a generally recognized statistical measure of the extent of the difference between the mean of a test group and the mean of a comparison group. First, for comparable merchandise, the Cohen's *d* coefficient is calculated when the test and comparison groups of data each have at least two observations, and when the sales quantity for the comparison group accounts for at least five percent of the total sales quantity of the comparable merchandise. Then, the Cohen's *d* coefficient is used to evaluate the extent to which the net prices to a particular purchaser, region or time period differ significantly from the net prices of all other sales of comparable merchandise. The extent of these differences can be quantified by one of three fixed thresholds defined by the Cohen's *d* test: small, medium or large. Of these thresholds, the large threshold provides the strongest indication that there is a significant difference between the means of the test and comparison groups, while the small threshold provides the weakest indication that such a difference exists. For this analysis, the difference was considered significant, and the sales in the test group were found to have passed the Cohen's *d* test, if the calculated Cohen's *d* coefficient is equal to or exceeds the large (*i.e.*, 0.8) threshold.

Next, the "ratio test" assesses the extent of the significant price differences for all sales as measured by the Cohen's *d* test. If the value of sales to purchasers, regions, and time periods that passes the Cohen's *d* test accounts for 66 percent or more of the value of total sales, then the identified pattern of prices that differ significantly supports the consideration of the application of the average-to-transaction method to all sales as an alternative to the average-to-average method. If the value of sales to purchasers, regions, and time periods that passes the Cohen's *d* test accounts for more than 33 percent and less than 66 percent of the value of total sales, then the results support consideration of the application of an average-to-transaction method to those

sales identified as passing the Cohen's *d* test as an alternative to the average-to-average method, and application of the average-to-average method to those sales identified as not passing the Cohen's *d* test. If 33 percent or less of the value of total sales passes the Cohen's *d* test, then the results of the Cohen's *d* test do not support consideration of an alternative to the average-to-average method.

If both tests in the first stage (*i.e.*, the Cohen's *d* test and the ratio test) demonstrate the existence of a pattern of prices that differ significantly such that an alternative comparison method should be considered, then in the second stage of the differential pricing analysis, we examine whether using only the average-to-average method can appropriately account for such differences. In considering this question, the Department tests whether using an alternative method, based on the results of the Cohen's *d* and ratio tests described above, yields a meaningful difference in the weighted-average dumping margin as compared to that resulting from the use of the average-to-average method only. If the difference between the two calculations is meaningful, this demonstrates that the average-to-average method cannot account for differences such as those observed in this analysis, and, therefore, an alternative method would be appropriate. A difference in the weighted-average dumping margins is considered meaningful if (1) there is a 25 percent relative change in the weighted-average dumping margin between the average-to-average method and the appropriate alternative method when both results are above the *de minimis* threshold, or (2) the resulting weighted-average dumping margin moves across the *de minimis* threshold.

Interested parties may present arguments and justifications in relation to the above-described differential pricing approach used in these preliminary results, including arguments for modifying the group definitions used in this proceeding.

B. Results of the Differential Pricing Analysis

Jindal

For Jindal, based on the results of the differential pricing analysis, the Department preliminarily finds that the value of U.S. sales passing the Cohen's *d* test is pervasive (*i.e.*, greater than 66 percent) such that we should consider as an alternative comparison method applying the average-to-transaction method to its U.S. sales.¹⁰ Further, the Department preliminarily determines that the average-to-average method cannot appropriately account for such differences because there is a meaningful difference between the weighted-average dumping margin calculated using the average-to-average method and when using the alternative method, *i.e.*, the resulting weighted-average dumping margin using the average-to-transaction method moves across the *de minimis* threshold as compared to the average-to-average method.¹¹ Accordingly, the Department preliminarily determines to use the average-to-transaction method for all U.S. sales to calculate the weighted-average margin of dumping for Jindal.

¹⁰ For additional detail, see "Analysis Memorandum for Jindal Poly Films Limited" (Jindal Preliminary Analysis Memorandum) (dated concurrently with this Memorandum).

¹¹ *Id.*

SRF

For SRF, based on the results of the differential pricing analysis, the Department finds that fewer than 33 percent of SRF's export sales pass the Cohen's *d* test, and does not confirm the existence of a pattern of export prices for comparable merchandise that differ significantly among purchasers, regions, or time periods.¹² Accordingly, the Department has determined to use the average-to-average method for all U.S. sales to calculate the weighted-average dumping margin for SRF.

Product Comparisons

In accordance with section 771(16) of the Act, we compared prices for products sold in the U.S. market with prices for products sold in the home market which were either identical or most similar in terms of the physical characteristics. In the order of importance, these physical characteristics are grade, specification, thickness, thickness category, and surface treatment. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the most similar foreign like product based on the characteristics listed above.

Date of Sale

19 CFR 351.401(i) states that the Department normally will use the date of invoice, as recorded in the producer's or exporter's records kept in the ordinary course of business, as the date of sale. The regulation provides further that the Department may use a date other than the date of the invoice if the Secretary is satisfied that a different date better reflects the date on which the material terms of sale are established.

Jindal

Jindal reported invoice date as the date of sale for its home market sales.¹³ In the instant review, Jindal has requested that the Department use the purchase order date as the date of sale for its U.S. sales. In prior PET Film reviews, we have used commercial invoice date as the date of sale.¹⁴ According to Jindal, the purchase order (PO) date should be used as date of sale because the PO represents the first document in which the finally-agreed price and quantity for the sale were memorialized in writing with the customer.¹⁵ Jindal states further that the PO contains the final terms of sale.¹⁶

¹² For additional detail, see "Analysis Memorandum for SRF Limited" (SRF Preliminary Analysis Memorandum) (dated concurrently with this Memorandum).

¹³ See Polyethylene Terephthalate Film, Sheet and Strip from India/Antidumping Duty/Jindal Poly Films Ltd./Responses to Sections B, C & D (February 18, 2014) (Jindal Sections B, C, & D Questionnaire Response) at B-14.

¹⁴ See 2011/2012 PET Film Preliminary Results and accompanying Decision Memorandum at "Date of Sale" (unchanged in Final Results).

¹⁵ See Jindal Sections B, C, & D Questionnaire Response at C-14.

¹⁶ *Id.*

In a supplemental questionnaire, the Department requested supporting documentation demonstrating that the terms of sale never change after the PO is issued.¹⁷ Jindal provided no additional information in response to this supplemental questionnaire and the only documentation on the record of the current review is one set of sample U.S. sales documentation that Jindal initially provided in its Section A questionnaire response.¹⁸ Because Jindal did not provide adequate information to support its claim that PO date is the appropriate date of sale, the Department finds it appropriate to continue to rely on the commercial invoice date as the date of sale, as we have done for Jindal in prior reviews. Invoice date is the presumptive date of sale under our regulations and the Department has found in past reviews that material terms of sale can change significantly for Jindal between the issuance of the PO and the final commercial invoice.¹⁹ Therefore, in accordance with 19 CFR 351.401(i), the Department finds it appropriate to continue to rely on the commercial invoice date as the date of sale for Jindal's U.S. and home market sales in these preliminary results.

SRF

In the instant review, SRF reported invoice date as the date of sale for both its home market and U.S. sales.²⁰ Consistent with 19 CFR 351.401(i), we analyzed the information on the record and preliminarily determine that the reported invoice dates are the appropriate dates of sale for SRF's U.S. and home market sales under review.

Export Price

Jindal

We used the EP methodology for Jindal's U.S. sales, in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation; there is no evidence on the record to justify the application of the CEP methodology. In accordance with sections 772(a) and (c) of the Act, we calculated EP based on packed prices, adding excess and/or separately recovered freight Jindal charged its unaffiliated customer. In accordance with 19 CFR 351.401(c), deductions were made from the starting price for discounts. We also made deductions from the starting price, where applicable, for movement expenses, including domestic inland freight and insurance, domestic brokerage and handling, international freight and marine insurance, and U.S. inland freight, in accordance with section 772(c)(2) of the Act and 19 CFR 351.401(e).²¹

¹⁷ See Letter from the Department to Jindal "2012-2013 Administrative Review of Polyethylene Terephthalate (PET) Film Sheet and Strip from India First Supplemental Questionnaire" (June 4, 2014).

¹⁸ See Polyethylene Terephthalate Film, Sheet and Strip from India/Antidumping Duty/Jindal Poly Films Ltd./Response to Section A at Exhibit A-6 (January 23, 2014) (SAQR).

¹⁹ See 2011/2012 PET Film Preliminary Results and accompanying Decision Memorandum at "Date of Sale." The Department examined several sets of Jindal's U.S. sales documents. We noted that the changes in price and quantity between PO and final commercial invoice were within the agreed upon tolerance range; however, the fact that the terms kept changing until the issuance of the final invoice indicated that the commercial invoice was the most reliable document for determining the actual terms of sale.

²⁰ See Polyethylene Terephthalate Film, Sheet and Strip from India /Antidumping Duty/SRF Limited/Response to Sections B, C & D at pp. B-16 and C-14 (February 18, 2014).

²¹ See Jindal Preliminary Analysis Memorandum at "Net U.S. Price."

SRF

We used the EP methodology for SRF's U.S. sales, in accordance with section 772(a) of the Act, because the subject merchandise was sold directly to the first unaffiliated purchaser in the United States prior to importation, and CEP methodology was not otherwise warranted based on the evidence on the record. In accordance with sections 772(a) and (c) of the Act, we calculated EP based on packed prices, adding excess and/or separately recovered freight SRF charged its unaffiliated customer. In accordance with 19 CFR 351.401(c), deductions were made from the starting price for discounts. We also made deductions from the starting price, where applicable, for movement expenses, including domestic inland freight and insurance, domestic brokerage and handling, international freight and marine insurance, and U.S. inland freight, in accordance with section 772(c)(2) of the Act and 19 CFR 351.401(e).²²

Normal Value

A. Home Market Viability as Comparison Market

To determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV, we compared the volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1)(C) of the Act. Based on this comparison, we determined that, pursuant to 19 CFR 351.404(b), both Jindal and SRF had a viable home market during the POR. Consequently, pursuant to section 773(a)(1)(B)(i) of the Act and 19 CFR 351.404(c)(1)(i), we based NV on home market sales.

B. Level of Trade

In accordance with section 773(a)(1)(B) of the Act and the Statement of Administrative Action accompanying the Uruguay Round Agreements Act,²³ to the extent practicable, the Department determines NV based on sales in the comparison market at the same level of trade (LOT) as the export price. Pursuant to 19 CFR 351.412(c)(1), the NV LOT is based on the starting price of the sales in the comparison market or, when NV is based on constructed value(CV), the starting price of the sales from which we derive the adjustments to constructed value for selling expenses and profit. For EP sales, the U.S. LOT is based on the starting price of the sales in the U.S. market, which is usually from the exporter to the importer.

To determine whether comparison market sales are at a different LOT than EP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the unaffiliated customer.²⁴ If the comparison market sales are at a different LOT and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and the comparison market sales at the LOT of the export transaction, we make an LOT adjustment under section 773(a)(7)(A) of the Act.

²² See SRF Preliminary Analysis Memorandum at "Net U.S. Price."

²³ See H.R. Doc. No. 316, 103d Cong., 2d Sess. 829-831 (1994).

²⁴ See 19 CFR 351.412(c)(2).

In this administrative review, we obtained information from both respondents regarding the marketing stages involved in making the reported foreign market and U.S. sales, including a description of the selling activities performed by each respondent for each channel of distribution. Company-specific LOT findings are summarized below.

Jindal

Jindal reported that it sold to end-users and traders in its home market, and that most of its selling functions were performed at the same or similar levels of intensity in both channels of distribution.²⁵ Because the selling activities to Jindal's customers did not vary for sales in the home market through its two channels of distribution, we preliminarily determine that there is one LOT in the home market.

Jindal reported that it made EP sales in the U.S. market through two channels of distribution, to end users and traders.²⁶ Jindal's selling functions were performed at the same or similar levels of intensity in both channels of distribution in the U.S. market.²⁷ Because the selling activities to Jindal's customers did not vary for sales in the United States through its two channels of distribution, we preliminarily determine that there is one LOT in the U.S. market.

Jindal also provided the Department with information on their selling activities in their home and U.S. markets.²⁸ We find that Jindal provided the same or similar level of customer support services on their U.S. sales (all of which were EP) as they did on their home market sales, and that the minor differences that do exist do not establish a distinct and separate LOT. Consequently, the record evidence supports a finding that in both markets Jindal performed essentially the same level of services. While we found minor differences between the home and U.S. markets, we determine that for Jindal the EP and the starting price of home market sales represent the same stage in the marketing process, and are, thus, at the same LOT. For this reason, we preliminarily find that a LOT adjustment for Jindal is not warranted.

SRF

SRF reported that it made sales through three different distribution channels (end user/convertor, dealer, and dealer attached customer) in the home market. SRF performed most of the selling functions at the same or similar levels of intensity in all three channels of distribution.²⁹ Because the selling activities to SRF's customers did not vary for sales in the home market through its three channels of distribution, we preliminarily determine that there is one LOT in the home market.

²⁵ See SAQR at Exhibit A-5.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ See Polyethylene Terephthalate Film, Sheet and Strip from India/Antidumping Duty/SRF Limited/Response to Section A at Exhibit A-5 (January 23, 2014).

With respect to the U.S. market, SRF reported that it made EP sales in the U.S. market to both unaffiliated end users and to unaffiliated traders.³⁰ SRF's selling functions were performed at the same or similar levels of intensity in both channels of distribution in the U.S. market.³¹ Because the selling activities to SRF's customers did not vary for sales in the United States through its two channels of distribution, we preliminarily determine that there is one LOT in the U.S. market.

SRF also provided the Department with information on their selling activities in their home and U.S. markets. We find that SRF provided the same or similar level of customer support services on their U.S. sales (all of which were EP) as they did on their home market sales, and that the minor differences that do exist do not establish a distinct and separate LOT. Consequently, the record evidence supports a finding that in both markets SRF performed essentially the same level of services. While we found minor differences between the home and U.S. markets, we determine that for SRF the EP and the starting price of home market sales represent the same stage in the marketing process, and are, thus, at the same LOT. For this reason, we preliminarily find that a LOT adjustment for SRF is not warranted.

C. Cost of Production Analysis

In the last administrative review of the order completed prior to the initiation of this review, the Department disregarded certain home-market sales made by Jindal at prices below the cost of production (COP).³² Thus, in accordance with section 773(b)(2)(A)(ii) of the Act, there are reasonable grounds to believe or suspect that Jindal made sales of the foreign like product in their comparison market at prices below the COP in the current review period.

In the most recently completed administrative review, the Department completed a sales-below-cost investigation for SRF in accordance with section 773(b)(1) of the Act.³³ Based on the findings of the investigation, we disregarded SRF's below cost sales.

Based on the prior findings of sales below cost for Jindal and SRF, we examined whether home market sales made by both Jindal and SRF were made at prices below the COP during the POR pursuant to section 773(b)(1) of the Act. We applied our standard methodology of using annual costs based on Jindal's and SRF's reported data.

1. Calculation of Cost of Production

We calculated the COP on a product-specific basis, based on the sum of the respondents' costs of materials and fabrication for the foreign like product plus amounts for general and administrative

³⁰ *Id.*

³¹ *Id.*

³² See *Polyethylene Terephthalate Film, Sheet, and Strip from India: Preliminary Results of Antidumping Duty Administrative Review*, 77 FR 46687, 46691 (August 6, 2012), at "Cost of Production Analysis," unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip from India: Final Results of Antidumping Duty Administrative Review of the Antidumping Duty Order; 2010-2011*, 78 FR 9670 (February 11, 2013).

³³ See *PET Film from India 2011-2012 Preliminary Results* at "Cost of Production Analysis" (unchanged in the Final Results).

expenses, interest expenses, and the costs of all expenses incidental to preparing the foreign like product for shipment in accordance with section 773(b)(3) of the Act.

We relied on Jindal's COP data submitted in its February 18, 2014, response to the Department's questionnaire, and SRF's COP data submitted in its June 16, 2014 supplemental questionnaire response.³⁴

2. Test of Comparison Market Sales Prices

On a product-specific basis, we compared the adjusted weight-averaged COP to the home market sales of the foreign like product, as required under section 773(b) of the Act, in order to determine whether the sale prices were below the COP. The prices were exclusive of any applicable billing adjustments, discounts and rebates, movement charges, and actual direct and indirect selling expenses. In determining whether to disregard home market sales made at prices less than their COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Act, whether such sales were made: (1) within an extended period of time in substantial quantities, and (2) at prices which permitted the recovery of all costs within a reasonable period of time.

3. Results of the Cost of Production Test

Pursuant to section 773(b)(2)(C)(i) of the Act, where less than 20 percent of sales of a given product were made at prices less than the COP, we did not disregard below-cost sales of that product because we determined that the below-cost sales were not made in substantial quantities. Where 20 percent or more of the respondent's home market sales of a given product were at prices less than the COP, we disregarded the below-cost sales because (1) they were made within an extended period of time in substantial quantities in accordance with sections 773(b)(2)(B) and (C) of the Act and (2) based on our comparison of prices to the weighted average of the COPs, they were at prices which would not permit the recovery of all costs within a reasonable period of time in accordance with section 773(b)(2)(D) of the Act. Because we are applying our standard annual weighted-average cost methodology in these preliminary results for both Jindal and SRF, we also applied our standard cost-recovery test with no adjustments.

Our cost tests for Jindal and SRF indicated that for home market sales of certain products, more than 20 percent were sold at prices below the COP within an extended period of time and were at prices which would not permit the recovery of all costs within a reasonable period of time. Thus, in accordance with section 773(b)(1) of the Act, we disregarded these below-cost sales in our analysis as outside of the ordinary course of trade and used the remaining sales to determine NV.³⁵

E. Calculation of Normal Value Based on Comparison Market Prices

We based NV on the starting prices of Jindal's and SRF's sales to unaffiliated home market customers, pursuant to sections 773(a)(1)(A) and 773(a)(1)(B)(i) of the Act and, where

³⁴ See Jindal Sections B, C, & D Questionnaire Response; and "Polyethylene Terephthalate Film, Sheet and Strip from India /Antidumping Duty/SRF Limited/Response to Supplemental Questionnaire" (June 16, 2014).

³⁵ See Jindal Preliminary Analysis Memorandum and SRF Preliminary Analysis Memorandum at "Sales Below Cost."

appropriate, made deductions from NV for movement expenses (*i.e.*, inland freight and inland insurance) in accordance with section 773(a)(6)(B)(ii) of the Act. Also, in accordance with section 773(a)(6)(C)(iii) of the Act and 19 CFR 351.410(c), we made, where indicated, circumstance-of-sale adjustments for home market direct selling expenses, including imputed credit expenses, and for discounts and rebates. We also made adjustments in accordance with 19 CFR 351.410(e) for indirect selling expenses incurred on comparison-market or U.S. sales where commissions were granted on sales in one market but not the other. Specifically, because commissions were paid only in the home market, we made an upward adjustment to NV for the lesser of: (1) the amount of commission paid in the home market; or (2) the amount of the indirect selling expenses incurred in the home market on U.S. sales.³⁶ In accordance with sections 773(a)(6)(A), (B) and (C)(ii) of the Act, we also deducted home market packing costs, added U.S. packing costs and made adjustments for differences in costs attributable to differences in physical characteristics of the merchandise.³⁷

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A of the Act and 19 CFR 351.415, based on the exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank. The exchange rates are available on the Enforcement and Compliance web site at <http://enforcement.trade.gov/exchange/index.html>.³⁸

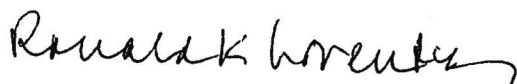
Recommendation

We recommend applying the above methodology for these preliminary results.

✓

Agree

Disagree



Ronald K. Lorentzen
Acting Assistant Secretary
for Enforcement and Compliance

August 18, 2014
(Date)

³⁶ See 19 CFR 351.410(e).

³⁷ See Jindal Preliminary Calculation Memorandum; see also SRF Preliminary Calculation Memorandum.

³⁸ See Jindal Preliminary Analysis Memorandum at Attachment "Jindal's U.S. Market Sales and Margin Program Output and Log" and SRF Preliminary Analysis Memorandum at Attachment "SRF's U.S. Market Sales and Margin Program Output and Log."