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Investigation
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March 4, 2016

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Countervailing Duty Investigation of Welded Stainless Pressure
Pipe from India: Decision Memorandum for the Preliminary
Determination

I. SUMMARY

The Department of Commerce ("Department") preliminarily determines that countervailable subsidies are being provided to producers and exporters of welded stainless pressure pipe ("welded stainless pipe") from India, as provided in section 703(b)(1) of the Tariff Act of 1930, as amended ("the Act").

II. BACKGROUND

A. Case History

On September 30, 2015, the Department received a petition for the imposition of countervailing duties ("CVD") and antidumping duties ("AD") petitions concerning imports of welded stainless pipe from India, filed in proper form on behalf of Bristol Metals, LLC, Felker Brothers Corp, Outokumpu Stainless Pipe, Inc., and Marcegaglia USA (collectively, "Petitioners").¹ On October 20, 2015, the Department initiated a CVD investigation of welded stainless pipe from India.²

In the "Respondent Selection" section of the *Initiation Notice*, the Department stated that it intended to select respondents based on U.S. Customs and Border Protection ("CBP") data.³ On October 22, 2015, we released CBP data to parties under an Administrative Protective Order

¹ See Letter from Petitioners, "Petition for the Imposition of Antidumping and Countervailing Duties: Welded Stainless Pressure Pipe from India," dated September 30, 2015 ("Petition").

² See *Welded Stainless Pressure Pipe from India: Initiation of Countervailing Duty Investigation*, 80 FR 65700 (October 27, 2015) ("Initiation Notice").

³ See *Initiation Notice*, 80 FR at 65702.



(“APO”).⁴ On November 10, 2015, we received comments from the Government of India (“GOI”) regarding the preparation of the initial questionnaire.⁵ No other party submitted comments at this stage of the proceeding.

On November 18, 2015, the Department determined, in accordance with section 777A(e)(2) of the Tariff Act of 1930, as amended (“Act”) and 19 CFR 351.204(c)(2), to individually examine Steamline Industries Ltd. (“Steamline”) and Sunrise Stainless Pvt. Ltd. (“Sunrise”) as mandatory respondents in this investigation.⁶ On November 25, 2015, the Department issued a CVD questionnaire to the GOI.⁷ Steamline and Sunrise timely filed affiliation questionnaire responses on December 9, 2015, and December 16, 2015, respectively.⁸ On January 7, 2016, the GOI, Steamline, and Sunrise timely filed their respective responses to the Initial CVD Questionnaire.⁹

On January 20, 2016, Petitioners timely submitted 16 new subsidy allegations, in accordance with 19 CFR 351.301(c)(2)(iv)(A).¹⁰ Concurrent with this preliminary determination, we have determined to initiate an investigation of 15 of the programs in the new subsidy allegations and will send additional questionnaires to the GOI, Steamline, and Sunrise.¹¹

Between February 1 and March 1, 2016, the Department issued supplemental questionnaires to the GOI, Steamline, and Sunrise.¹² Responses to these questionnaires were timely received

⁴ See Memorandum to the File, “Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India: U.S. Customs and Border Protection Import Data for Use in Respondent Selection,” dated October 22, 2015.

⁵ See Letter from the GOI, “Imposition of Antidumping and Countervailing Duties on Welded Stainless Pressure Pipe From India – Comments to Facilitate the Preparation of the Questionnaire on Behalf of the Government of India,” dated November 10, 2015.

⁶ See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, “Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India: Selection of Mandatory Respondents,” dated November 18, 2015.

⁷ See Letter from the Department to the GOI, “Investigation of Certain Welded Stainless Pressure Pipe Products from India: Countervailing Duty Questionnaire,” dated November 25, 2015 (“Initial CVD Questionnaire”).

⁸ See Submission from Steamline, “Welded Stainless Pressure Pipe from India: Response to Section III Identifying Affiliated Companies,” dated December 9, 2015 (“Steamline Initial Affiliation Response”); see also Submission from Sunrise, “Initial Response to Section III of Initial questionnaire – Identification of Affiliated Companies,” dated December 16, 2015 (“Sunrise Initial Affiliation Response”).

⁹ See Submission from the GOI, “Imposition of Antidumping and Countervailing Duties on Welded Stainless Pressure Pipe from India – Response to the Questionnaire by Government of India,” dated January 7, 2016 (“GOI’s Initial Questionnaire Response”); see also Submission from Steamline, “Welded Stainless Pressure Pipe from India: Response to Section III,” dated January 7, 2016 (“Steamline’s Initial Questionnaire Response”); see also Submission from Sunrise, “Welded Stainless Pressure Pipe from India: Response to Section III of Original Countervailing Duty Questionnaire,” dated January 7, 2016 (“Sunrise’s Initial Questionnaire Response”).

¹⁰ See Letter from Petitioners, “Welded Stainless Pressure Pipe from India: New Subsidy Allegations,” dated January 20, 2016.

¹¹ See Memorandum to Brendan Quinn, Acting Director, Office III, “Certain Welded Stainless Steel Pressure Pipe from India: New Subsidy Allegations Initiation Memorandum,” dated concurrently with this memorandum, which provides the Department’s analysis of these allegations.

¹² See Letter from the Department to Sunrise, “Countervailing Duty Investigation on Welded Stainless Pressure Pipe from India: Affiliation Supplemental Questionnaire for Sunrise Stainless Private Limited,” dated February 1, 2016; Letter from the Department to Steamline, “Countervailing Duty Investigation on Welded Stainless Pressure Pipe from India: First Supplemental Questionnaire for Steamline Industries Limited,” dated February 2, 2015; Letter from the Department to the GOI, “Countervailing Duty Investigation on Welded Stainless Pressure Pipe from India: First Supplemental Questionnaire for the Government of India,” dated February 4, 2016; Letter from the Department to Sunrise, “Countervailing Duty Investigation on Welded Stainless Pressure Pipe from India: First Supplemental

between February 9 and February 19, 2016.¹³ Additional responses from Steamline, Sunrise, and the GOI are expected to be submitted after the date of this preliminary determination, and will be analyzed subsequent to this preliminary determination.¹⁴ Petitioners filed pre-preliminary comments on February 23, 2016.¹⁵

On December 1, 2015, based upon a request from Petitioners, the Department postponed the deadline for this preliminary determination until February 29, 2016.¹⁶ Furthermore, as explained in the memorandum from the Acting Assistant Secretary for Enforcement and Compliance, the Department has exercised its discretion to toll all administrative deadlines, due to the recent closure of the Federal Government.¹⁷ All deadlines in this segment of the proceeding have been extended by four business days. The revised deadline for the preliminary determination in this investigation is now March 4, 2016.

B. Period of Investigation

The POI is January 1, 2014, through December 31, 2014.

III. SCOPE COMMENTS

In accordance with the preamble to the Department's regulations, we set aside a period of time in our *Initiation Notice* for parties to raise issues regarding product coverage, and encouraged all parties to submit comments within 20 calendar days of the signature of that notice.¹⁸ We did not receive any comments on the scope of the investigation.

Questionnaire for Sunrise Stainless Private Limited," dated February 4, 2016; Letter from the Department to Sunrise, "Countervailing Duty Investigation on Welded Stainless Pressure Pipe from India: Second Supplemental Questionnaire for Sunrise Stainless Private Limited," dated February 25, 2016; Letter from the Department to Steamline, "Countervailing Duty Investigation on Welded Stainless Pressure Pipe from India: Second Supplemental Questionnaire for Steamline Industries Limited," dated March 1, 2016.

¹³ See Submission from Sunrise, "Welded Stainless Pressure Pipe from India: Affiliation Supplemental Response of Section III," dated February 8, 2016 ("Sunrise's Supplemental Affiliation Response"); see also Submission from Steamline, "Welded Stainless Pressure Pipe from India: Response to First Supplemental Questionnaire," dated February 9, 2016 ("Steamline's First Supplemental Questionnaire Response"); see also Submission from Sunrise, "Welded Stainless Pressure Pipe from India: First Supplemental Response of Section III," dated February 16, 2016 ("Sunrise's First Supplemental Questionnaire Response"); see also Submission from the GOI, "Imposition Of Antidumping and Countervailing Duties On Welded Stainless Pressure Pipe From India – Response to the Supplementary Questionnaire by Government of India Ref: Case No. – C-533-868," dated February 19, 2016 ("GOI's First Supplemental Questionnaire Response").

¹⁴ These responses will address Shah Foils and Sun Mark, additional questions on Steamline, as well as the New Subsidy Allegations.

¹⁵ See Submission from Petitioners, "Welded Stainless Pressure Pipe from India: Comments for Preliminary Determination," dated February 23, 2016.

¹⁶ See *Welded Stainless Pressure Pipe From India: Postponement of Preliminary Determination of Countervailing Duty Investigation*, 80 FR 76265 (December 8, 2015).

¹⁷ See Memorandum to the Record from Ron Lorentzen, Acting A/S for Enforcement & Compliance, regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During Snowstorm Jonas," dated January 27, 2016.

¹⁸ See *Initiation Notice*, 80 FR at 65700-65701.

IV. SCOPE OF THE INVESTIGATION

The merchandise covered by this investigation is circular welded austenitic stainless pressure pipe not greater than 14 inches in outside diameter. References to size are in nominal inches and include all products within tolerances allowed by pipe specifications. This merchandise includes, but is not limited to, the American Society for Testing and Materials (“ASTM”) A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications. ASTM A-358 products are only included when they are produced to meet ASTM A-312 or ASTM A-778 specifications, or comparable domestic or foreign specifications.

Excluded from the scope of the investigation are: (1) welded stainless mechanical tubing, meeting ASTM A-554 or comparable domestic or foreign specifications; (2) boiler, heat exchanger, superheater, refining furnace, feedwater heater, and condenser tubing, meeting ASTM A-249, ASTM A-688 or comparable domestic or foreign specifications; and (3) specialized tubing, meeting ASTM A-269, ASTM A-270 or comparable domestic or foreign specifications.

The subject imports are normally classified in subheadings 7306.40.5005, 7306.40.5040, 7306.40.5062, 7306.40.5064, and 7306.40.5085 of the Harmonized Tariff Schedule of the United States (“HTSUS”). They may also enter under HTSUS subheadings 7306.40.1010, 7306.40.1015, 7306.40.5042, 7306.40.5044, 7306.40.5080, and 7306.40.5090. The HTSUS subheadings are provided for convenience and customs purposes only; the written description of the scope of this investigation is dispositive.

V. ALIGNMENT

In accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), and based on Petitioners’ request,¹⁹ we are aligning the final CVD determination in this investigation with the final determination in the companion AD investigation of welded stainless pipe from India. Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be due no later than July 18, 2016, unless postponed.²⁰

VI. INJURY TEST

Because India is a “Subsidies Agreement Country” within the meaning of section 701(b) of the Act, the U.S. International Trade Commission (“ITC”) is required to determine whether imports of the subject merchandise from India materially injure, or threaten material injury to, a U.S. industry. On November 16, 2015, the ITC preliminarily determined that there is a reasonable

¹⁹ See Letter from Petitioners, “Welded Stainless Pressure Pipe from India: Request for Alignment,” dated February 9, 2016.

²⁰ We note that the current deadline for the final AD determination is July 17, 2016, which is a Sunday. Pursuant to Department practice, the signature date will be the next business day, which is Monday, July 18, 2016. See *Notice of Clarification: Application of “Next Business Day” Rule for Administrative Determination Deadlines Pursuant to the Tariff Act of 1930, As Amended*, 70 FR 24533 (May 10, 2005).

indication that an industry in the United States is materially injured by reason of imports of welded stainless pipe from India.²¹

VII. SUBSIDIES VALUATION

A. Allocation Period

The Department normally allocates the benefits from non-recurring subsidies over the average useful life (“AUL”) of renewable physical assets used in the production of subject merchandise.²² The Department finds the AUL in this proceeding to be 15 years, pursuant to 19 CFR 351.524(d)(2) and the U.S. Internal Revenue Service’s 1977 Class Life Asset Depreciation Range System.²³ The Department notified the respondents of the 15-year AUL in the initial questionnaire and requested data accordingly. None of the foreign interested parties (*i.e.*, the GOI, Steamline, or Sunrise) have disputed the allocation period. Consistent with past practice, in order to appropriately measure any allocated subsidies, the Department will use a 15-year AUL period in this investigation.²⁴

Furthermore, for non-recurring subsidies, we applied the “0.5 percent test,” as described in 19 CFR 351.524(b)(2). Under this test, we divide the amount of subsidies approved under a given program in a particular year by the relevant sales value (*e.g.*, total sales or export sales) for the same year. If the amount of the subsidies is less than 0.5 percent of the relevant sales value, then the benefits are allocated to the year of receipt rather than across the AUL.

B. Attribution of Subsidies

Cross-Ownership

In accordance with 19 CFR 351.525(b)(6)(i), the Department normally attributes a subsidy to the products produced by the company that received the subsidy. However, 19 CFR 351.525(b)(6)(ii)-(v) provide additional rules for the attribution of subsidies received by respondents with cross-ownership. Subsidies to the following types of cross-owned corporations are covered in these additional attribution rules: (ii) producers of the subject merchandise; (iii) holding companies or parent companies; (iv) producers of an input that is primarily dedicated to the production of the downstream product; or (v) a corporation producing non-subject merchandise that otherwise transfers a subsidy to a respondent.

²¹ See *Welded Stainless Steel Pressure Pipe from India*: Investigation Nos. 701–TA–548 and 731–TA–1298 (Preliminary) (November 2015); *Welded Stainless Steel Pressure Pipe from India*, 80 FR 72735 (November 20, 2015).

²² See 19 CFR 351.524(b).

²³ See Submission from Petitioners, “Welded Stainless Pressure Pipe from India: Response to Supplemental Questions,” dated October 6, 2015, at Exhibit III-53 (U.S. Internal Revenue Service Publication 946 (2015), “How to Depreciate Property,” at Table B-2: Table of Class Lives and Recovery Periods).

²⁴ See, *e.g.*, *Final Results of Countervailing Duty Administrative Reviews: Low Enriched Uranium from Germany, the Netherlands, and the United Kingdom*, 70 FR 40000 (July 12, 2005) and accompanying Issues and Decision Memorandum at Comment 4.

According to 19 CFR 351.525(b)(6)(vi), cross-ownership exists between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. This section of the Department's regulations states that "this standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations." The preamble to the Department's regulations further clarifies the Department's cross-ownership standard.²⁵ According to the preamble, relationships captured by the cross-ownership definition include those where:

the interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (or subsidy benefits) of the other corporation in essentially the same way it can use its own assets (or subsidy benefits) . . . Cross-ownership does not require one corporation to own 100 percent of the other corporation. Normally, cross-ownership will exist where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership.²⁶

Thus, the Department's regulations make clear that the agency must look at the facts presented in each case in determining whether cross-ownership exists. The U.S. Court of International Trade ("CIT") has upheld the Department's authority to attribute subsidies based on whether a company could use or direct the subsidy benefits of another company in essentially the same way it could use its own subsidy benefits.²⁷

The Sunrise Group

Based on information in Sunrise's questionnaire responses we preliminarily determine, in accordance with 19 CFR 351.525(b)(6)(vi), that cross-ownership exists between Sunrise and two additional Indian companies, Sun Mark Stainless Pvt. Ltd. ("Sun Mark"), and Shah Foils Limited ("Shah Foils"), as a result of overlapping ownership and control between Sunrise and Sun Mark and between Sunrise and Shah Foils, such that Sunrise can use or direct the individual assets of the other corporations in essentially the same ways it can use its own assets.²⁸ As discussed above, we have requested questionnaire responses from Sun Mark and Shah Foils, which we will evaluate subsequent to this preliminary determination.

Further, we preliminarily determine that Sunrise and Sun Mark are producers of subject merchandise, therefore, in accordance with 19 CFR 351.525(b)(6)(ii), and where appropriate we intend to attribute subsidies received by Sunrise and Sun Mark to their combined sales. In addition, we preliminarily determine that Shah Foils provides Sunrise with an input that is primarily dedicated to the production of the downstream product pursuant to 351.525(b)(6)(iv),

²⁵ See *Countervailing Duty Regulations*, 63 FR 65348, 65401 (November 25, 1998) ("*Countervailing Duties*").

²⁶ *Id.*

²⁷ See *Fabrique de Fer de Charleroi, SA v. United States*, 166 F. Supp. 2d 593, 600-604 (CIT 2001).

²⁸ For additional BPI discussion of this issue, see Memorandum to the File, "Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India: Sunrise Stainless Pvt. Ltd. Preliminary Calculation Memorandum," dated concurrently with this memorandum ("Sunrise Preliminary Calculation Memorandum").

and where appropriate we intend to attribute subsidies received by Shah Foils, an input supplier to Sunrise, to the combined sales of Shah Foils, Sunrise, and Sun Mark.

C. Denominators

When selecting an appropriate denominator for use in calculating the *ad valorem* subsidy rate, the Department considers the basis for the respondent's receipt of benefits under each program. As discussed in further detail below, we determine that subsidies received by Steamline and Sunrise under the programs found countervailable were tied to export performance. Therefore, for those programs tied to export performance, with the exception of Duty Drawback ("DDB") and Steamline's reported benefits under the Advance Authorization Scheme ("AAP"), also known as ("aka") the Advance Licenses Program ("ALP"), we used total export sales, including deemed exports, as the denominator for our calculations. Because we are able to tie Steamline's benefits earned under the DDB to exports of subject merchandise to the United States, we used exports of subject merchandise to the United States as the denominator for our calculations with respect to these programs. Further, as we were able to tie Steamline's benefits earned under the AAP to exports of subject merchandise, we used total exports of subject merchandise as the denominator in our rate calculations for Steamline. However, for the preliminary determination for Sunrise, we were unable to tie their benefits earned under the AAP to subject merchandise, so we used total exports as the denominator.

D. Loan Benchmarks and Interest Rates

Section 771(5)(E)(ii) of the Act provides that the benefit for loans is the "difference between the amount the recipient of the loan pays on the loan and the amount the recipient would pay on a comparable commercial loan that the recipient could actually obtain on the market," indicating that a benchmark must be a market-based rate. In addition, 19 CFR 351.505(a)(3)(i) stipulates that when selecting a comparable commercial loan that the recipient "could actually obtain on the market" the Department will normally rely on actual loans obtained by the firm. However, when there are no comparable commercial loans during the period, the Department "may use a national average interest rate for comparable commercial loans," pursuant to 19 CFR 351.505(a)(3)(ii). In addition, 19 CFR 351.505(a)(2)(ii) states that the Department will not consider a loan provided by a government-owned special-purpose bank for purposes of calculating benchmark rates.²⁹ Also, in the absence of reported long-term loan interest rates, we use the above-discussed interest rates as discount rates for purposes of allocating non-recurring benefits over time pursuant to 19 CFR 351.524(d)(3)(i)(B).³⁰

Short-Term and Long-Term Rupee-Denominated Loans

Based on Steamline's response, we preliminarily determine that Steamline did not receive comparable rupee-denominated short-term or long-term loans from commercial banks for certain

²⁹ See, e.g., *Certain Frozen Warmwater Shrimp from India: Final Affirmative Countervailing Duty Determination*, 78 FR 50385 (August 19, 2013) ("*Shrimp from India*"), and accompanying Issues and Decision Memorandum, at "Benchmark and Discount Rates" section.

³⁰ See, e.g., *Certain Pasta From Italy: Final Results of Countervailing Duty Administrative Review; 2012*, 80 FR 11172 (March 2, 2015) and accompanying Issues and Decision Memorandum at "C. Loan Benchmarks and Discount Rates."

years for which we must calculate benchmark and discount rates.³¹ Thus, we do not have loan information from Steamline in the year subsidies were provided. As such loan rates were not available, we are preliminarily using national average interest rates, pursuant to 19 CFR 351.505(a)(3)(ii). Specifically, we used national average interest rates from the International Monetary Fund's International Financial Statistics ("IFS") as benchmark rates for rupee-denominated short-term and long-term loans. We preliminarily find that the IFS rates provide a reasonable representation of both short-term and long-term interest rates for rupee-denominated loans.

Based on Sunrise's response, we preliminarily determine that Sunrise received comparable rupee-denominated long-term loans from commercial banks for certain years for which we must calculate benchmark and discount rates, and that it is appropriate to use these loans to calculate a weighted-average long-term-loan benchmark rate.³²

Discount Rates

Consistent with 19 CFR 351.524(d)(3)(i), we used, as our discount rates, the long-term interest rates calculated according to the methodology described above for the year in which the government provided non-recurring subsidies. The interest-rate benchmarks and discount rates used in our preliminary calculations are provided in the preliminary calculation memoranda.³³

VIII. ANALYSIS OF PROGRAMS

Based upon our analysis of the record and the responses to our questionnaires, we preliminarily determine the following:

A. Programs Preliminarily Determined to Be Countervailable

1. Advance Authorization Scheme ("AAP"), aka, Advance License Program ("ALP")

Under the AAP, aka ALP, exporters may import, duty free, specified quantities of materials required to manufacture products that are subsequently exported.³⁴ The quantities of imported materials and exported finished products are linked through standard input-output norms ("SIONs") established by the GOI.³⁵ During the POI, Steamline and Sunrise used advance licenses to import certain materials duty free.³⁶

³¹ See Steamline's Initial Questionnaire Response at Annexures 22 through 27.

³² See Sunrise's Initial Questionnaire Response at Exhibit 12(a).

³³ See Memorandum to the File, "Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India: Steamline Industries Ltd. Preliminary Calculation Memorandum," dated concurrently with this memorandum ("Steamline Preliminary Calculation Memorandum"). See also Sunrise Preliminary Calculation Memorandum.

³⁴ See GOI's Initial Questionnaire Response, at 6 and 11-20.

³⁵ See Steamline's Initial Questionnaire Response at 10 and Annexures 10, 12, and 29; and Sunrise's Initial Questionnaire Response, at "Advance Authorization Program ("AAP")" and Exhibit 8; see also GOI's Initial Questionnaire Response, at 14-15.

³⁶ See Steamline's First Supplemental Questionnaire Response at 4-5 and Annexure 11 (Revised); and Sunrise's Initial Questionnaire Response, at "Advance Authorization Program ("AAP")" and Exhibit 8; see also GOI's First Supplemental Questionnaire Response at 2-6.

Import duty exemptions on inputs for exported products are not countervailable so long as the exemption extends only to inputs consumed in the production of the exported product, making normal allowances for waste.³⁷ However, the government in question must have in place and apply a system to confirm which inputs are consumed in the production of the exported products, and in what amounts.³⁸ This system must be reasonable, effective for the purposes intended, and based on generally accepted commercial practices in the country of export.³⁹ If such a system does not exist, or if it is not applied effectively, and the government in question does not carry out an examination of actual inputs involved to confirm which inputs are consumed in the production of the exported product, the entire amount of any exemption, deferral, remission or drawback is countervailable.⁴⁰

In the 2005 administrative review of countervailing duties on polyethylene terephthalate film, sheet, and strip (“PET Film”) from India, the GOI indicated that it had revised its Foreign Trade Policy and Handbook of Procedures for the AAP/ALP during 2005.⁴¹ The Department acknowledged that certain improvements to the AAP/ALP system were made. However, the Department found that, based on the information submitted by the GOI and examined during previous reviews of that proceeding, and no information having been submitted for that review demonstrating that the GOI had revised its laws or procedures governing this program since those earlier reviews, systemic issues continued to exist in the AAP/ALP system during that POR.⁴² Specifically, in the 2005 review, the Department stated that it continued to find the AAP/ALP countervailable based on:

the GOI’s lack of a system or procedure to confirm which inputs are consumed in the production of the exported products and in what amounts that is reasonable and effective for the purposes intended, as required under 19 CFR 351.519. Specifically, we still have concerns with regard to several aspects of the ALP including (1) the GOI’s inability to provide the SION calculations that reflect the production experience of the PET Film industry as a whole; (2) the lack of evidence regarding the implementation of penalties for companies not meeting the export requirements under the ALP or for claiming excessive credits; and, (3) the availability of ALP benefits for a broad category of “deemed” exports.⁴³

Since that 2005 PET Film review, the Department has in several other proceedings made determinations consistent with this treatment of the AAP/ALP.⁴⁴ In the current investigation,

³⁷ See 19 CFR 351.519(a)(1)(ii).

³⁸ See *Shrimp from India*, and accompanying Issues and Decision Memorandum at “Duty Drawback (DDB).”

³⁹ *Id.*

⁴⁰ See 19 CFR 351.519(a)(4)(i)-(ii).

⁴¹ See *Final Results of Countervailing Duty Administrative Review: Polyethylene Terephthalate Film, Sheet, and Strip from India*, 71 FR 7534 (February 13, 2006), and accompanying Issues and Decision Memorandum at 3-5.

⁴² *Id.*

⁴³ *Id.*

⁴⁴ See e.g., *Certain Oil Country Tubular Goods From India: Final Affirmative Countervailing Duty Determination and Partial Final Affirmative Determination of Critical Circumstances*, 79 FR 41967 (July 18, 2014), and accompanying Issues and Decision Memorandum at 18-19; see also *Certain Lined Paper Products from India: Preliminary Results of Countervailing Duty Administrative Review; Calendar Year 2012*, 79 FR 60447 (October 7, 2014), unchanged in *Certain Lined Paper Products From India: Final Results of Countervailing Duty Administrative Review; Calendar Year 2012*, 80 FR 19637 (April 13, 2015), and accompanying Issues and Decision

record evidence shows⁴⁵ there has been no change to the AAP/ALP program and therefore we preliminarily find that the program confers a countervailable subsidy because: (1) a financial contribution, as defined under section 771(5)(D)(ii) of the Act, is provided under the program, as the GOI exempts the respondents from payment of import duties that would otherwise be due; (2) the GOI does not have in place, and does not apply, a system that is reasonable and effective for the purposes intended in accordance with 19 CFR 351.519(a)(4), to confirm which inputs, and in what amounts, are consumed in the production of the exported products, making normal allowance for waste, nor did the GOI carry out an examination of actual inputs involved to confirm which inputs are consumed in the production of the exported product, and in what amounts; thus the entire amount of the import duty deferral or exemption provided to the respondent constitutes a benefit under section 771(5)(E) of the Act; and (3) this program is specific under section 771(5A)(A) and (B) of the Act because it is contingent upon exportation.

Pursuant to 19 CFR 351.524(c)(1), the exemption of import duties on raw material inputs normally provides a recurring benefit.⁴⁶ Under this program, during the POI, Steamline and Sunrise did not have to pay certain import duties for inputs that were used in the production of subject merchandise.⁴⁷ Thus, we are treating the benefit provided under the AAP as a recurring benefit.

Steamline and Sunrise imported inputs under the AAP for the production of subject merchandise and non-subject merchandise duty free during the POI. In response to the Department's questionnaire, Steamline and Sunrise provided supporting documentation regarding their AAP licenses.⁴⁸ The information provided demonstrates that the licenses provided to Steamline were tied to the production and export of subject merchandise within the meaning of 19 CFR 351.525(b)(5).

To calculate the subsidy rate for Steamline, we first determined the total value of import duties exempted during the POI for Steamline under licenses tied to subject merchandise. We then divided the resulting benefit by the total value of Steamline's export sales of subject merchandise. On this basis we determine the countervailable subsidy provided to Steamline under the AAP to be 1.58 percent *ad valorem*.⁴⁹

To calculate the subsidy rate for Sunrise, we first determined the total value of import duties exempted during the POI for Sunrise under AAP licenses. We then divided the resulting benefit

Memorandum at 5; *see also Polyethylene Terephthalate Film, Sheet, and Strip From India: Preliminary Results and Partial Rescission of Countervailing Duty Administrative Review*; 2013, 80 FR 46956 (August 6, 2015), and accompanying preliminary decision memorandum at 19-20, unchanged in *Polyethylene Terephthalate Film, Sheet, and Strip From India: Final Results of Countervailing Duty Administrative Review*; 2013, 81 FR 7753 (February 16, 2016).

⁴⁵ See GOI's Initial Questionnaire Response, at 5-13 and Exhibits 2-7.

⁴⁶ *See e.g., Certain Oil Country Tubular Goods From India: Final Affirmative Countervailing Duty Determination and Partial Final Affirmative Determination of Critical Circumstances*, 79 FR 41967 (July 18, 2014), and accompanying Issues and Decision Memorandum.

⁴⁷ *See* Steamline's First Supplemental Questionnaire Response at 4-5 and Annexure 11 (Revised); and Sunrise's Initial Questionnaire Response, at "Advance Authorization Program ("AAP")" and Exhibit 8.

⁴⁸ *See* Steamline's First Supplemental Questionnaire Response at and Annexure 11 (Revised) and Annexure SQR-4; *see also* Sunrise's First Supplemental Questionnaire Response at Exhibits S2-6 and S2-7.

⁴⁹ *See* Steamline Preliminary Calculation Memorandum.

by the total value of Sunrise's export sales. On this basis we determine the countervailable subsidy provided to Sunrise under the AAP to be 6.19 percent *ad valorem*.⁵⁰

2. Duty Drawback ("DDB")

Steamline and Sunrise reported receiving duty rebates under this program.⁵¹ The GOI explained that the DDB program provides rebates for duty or tax chargeable on any (a) imported or excisable materials and (b) input services, used in the manufacture of export goods.⁵² The GOI reported that the amount of the DDB is generally fixed as a percentage of the price of the export product and is determined based on the extent of the duties incurred in procuring the relevant inputs.⁵³

Import duty exemptions on inputs for exported products are not countervailable so long as the exemption extends only to inputs consumed in the production of the exported product, making normal allowances for waste.⁵⁴ However, the government in question must have in place and apply a system to confirm which inputs are consumed in the production of the exported products, and in what amounts.⁵⁵ This system must be reasonable, effective for the purposes intended, and based on generally accepted commercial practices in the country of export.⁵⁶ If such a system does not exist, or if it is not applied effectively, and the government in question does not carry out an examination of actual inputs involved to confirm which inputs are consumed in the production of the exported product, the entire amount of any exemption, deferral, remission or drawback is countervailable.⁵⁷

We requested that the GOI identify and explain the types of records maintained by the relevant government or governments (*e.g.*, accounting records, company-specific files, databases, budget authorizations, *etc.*) regarding the program in effect during the POI.⁵⁸ The GOI did not provide the requested documentation.⁵⁹ Thus, consistent with *Shrimp from India*, based on the GOI's questionnaire response that lacks the documentation to support that the GOI has a system in place to confirm which inputs are consumed in the production of the exported products, we preliminarily determine that the GOI has not supported its claim that its system is reasonable or effective for the purposes intended.⁶⁰

Accordingly, we preliminarily determine that the DDB program confers a countervailable subsidy. Under the DDB program, a financial contribution, as defined under section

⁵⁰ See Sunrise Preliminary Calculation Memorandum.

⁵¹ See Steamline's Initial Questionnaire Response at 15-17 and Steamline's First Supplemental Questionnaire Response at 6; *see also* Sunrise's Initial Questionnaire Response at "Duty Drawback Program ("DDB")."

⁵² See the GOI's Initial Questionnaire Response at 28-37 and the GOI's First Supplemental Questionnaire Response at 6-9.

⁵³ *Id.*

⁵⁴ See 19 CFR 351.519(a)(1)(ii).

⁵⁵ See *Shrimp from India* and accompanying Issues and Decision Memorandum at "Duty Drawback (DDB)."

⁵⁶ *Id.*

⁵⁷ See 19 CFR 351.519(a)(4)(i)-(ii).

⁵⁸ See Initial CVD Questionnaire at Section II.

⁵⁹ See the GOI's Initiation Questionnaire Response at 28-37 and the GOI's First Supplemental Questionnaire Response at 6-9.

⁶⁰ See *Shrimp from India*, and accompanying Issues and Decision Memorandum at 12-14.

771(5)(D)(ii) of the Act, is provided because rebated duties represent revenue foregone by the GOI. Moreover, as explained above, the GOI has not supported its claim that the DDB system is reasonable and effective in confirming which inputs, and in what amounts, are consumed in the production of the exported product. Therefore, under 19 CFR 351.519(a)(4), the entire amount of the import duty rebate earned during the POI constitutes a benefit. Finally, this program is only available to exporters; therefore, it is specific under sections 771(5A)(A) and (B) of the Act.

Pursuant to 19 CFR 351.519(b)(1), we find that benefits from the DDB program are conferred as of the date of exportation of the shipment for which the pertinent drawbacks are earned. We calculated the benefit on an as-earned basis upon export because drawback under the program is provided as a percentage of the value of the exported merchandise on a shipment-by-shipment basis. As such, it is at this point that recipients know the exact amount of the benefit (*i.e.*, the value of the drawback).

We calculated the subsidy rate using the value of DDB duty rebates that Steamline earned on export sales of subject merchandise to the United States during the POI. We divided the total amount of the benefit received by Steamline by its total exports of subject merchandise to the United States during the POI. On this basis, we preliminarily determine a countervailable subsidy rate of 1.34 percent *ad valorem* for Steamline.⁶¹

We preliminarily determine that Sunrise did not receive any countervailable benefits from the DDB duty rebates it received, because the rebates were tied to exports to a country other than the United States.⁶²

3. *Export Promotion of Capital Goods Scheme ("EPCGS")*

The EPCGS program provides for a reduction of or exemption from customs duties and excise taxes on imports of capital goods used in the production of exported products. Under this program, producers pay reduced duty rates on imported capital equipment by committing to earn convertible foreign currency equal to a multiple of the duty saved within a period of a certain number of years.⁶³

The Department has previously determined that import duty reductions or exemptions provided under the EPCGS program are countervailable export subsidies because the scheme: (1) provides a financial contribution pursuant to section 771(5)(D)(ii) of the Act in the form of revenue foregone; (2) provides two different benefits, as described below, under section 771(5)(E) of the Act; and (3) is specific pursuant to sections 771(5A)(A) and (B) of the Act because the program is contingent upon export performance.⁶⁴ Because the evidence on the record with respect to this program⁶⁵ is consistent with the findings in, *inter alia*, *PET Film Final*

⁶¹ See Steamline Preliminary Calculation Memorandum.

⁶² See Sunrise's Initial Questionnaire Response at "Duty Drawback Program ("DDB")" and Exhibit 10.

⁶³ See GOI's Initial Questionnaire Response at 38-51 and GOI's First Supplemental Questionnaire Response at 9-10.

⁶⁴ See, e.g., *Notice of Final Affirmative Countervailing Duty Determination: Polyethylene Terephthalate Film, Sheet, and Strip (PET Film) From India*, 67 FR 34905 (May 16, 2002) ("*PET Film Final Determination*"), and accompanying Issues and Decision Memorandum at "EPCGS" section; see also *Shrimp from India*, and accompanying Issues and Decision Memorandum at 14.

⁶⁵ See GOI's Initial Questionnaire Response at 38-51.

Determination and Shrimp from India, we preliminarily determine that this program is countervailable.

Under the EPCGS program, the exempted import duties would have to be paid to the GOI if the accompanying export obligations are not met. It is the Department's practice to treat any balance on an unpaid liability that may be waived in the future as a contingent-liability interest-free loan pursuant to 19 CFR 351.505(d)(1).⁶⁶ Since the unpaid duties are a liability contingent on subsequent events, we treat the amount of unpaid duty liabilities as an interest-free contingent-liability loans. We find the amount the respondent would have paid during the POI had it borrowed the full amount of the duty reduction or exemption at the time of importation to constitute the first benefit under the EPCGS program. The second benefit arises based on the amount of duty waived by the GOI waives on imports of capital equipment covered by those EPCGS licenses for which the export requirement has already been met. For those licenses for which the GOI has acknowledged that the company has completed its export obligation, we treat the import duty savings as grants received in the year in which the GOI waived the contingent liability on the import duty exemption pursuant to 19 CFR 351.505(d)(2).

Import duty exemptions under this program are approved for the purchase of capital equipment. The preamble of the Department's regulations states that, if a government provides an import duty exemption tied to major equipment purchases, "it may be reasonable to conclude that, because these duty exemptions are tied to capital assets, the benefits from such duty exemptions should be considered non-recurring...."⁶⁷ In accordance with 19 CFR 351.524(c)(2)(iii) and past practice, we are treating these import duty exemptions on capital equipment as non-recurring benefits.⁶⁸

Steamline and Sunrise reported that they imported capital goods with waived duties import-duty rates under the EPCGS program.⁶⁹ Information provided by Steamline and Sunrise indicates that their EPCGS licenses were not tied to the production of any type of merchandise,⁷⁰ so we are attributing the EPCGS benefits received to their total exports consistent with 19 CFR 351.525(b)(5). Neither Steamline nor Sunrise reported that they met the export requirements for any EPCGS licenses prior to December 31, 2014 (the last day of the POI) or that the GOI has formally waived the relevant import duties.⁷¹ Therefore, although Steamline and Sunrise

⁶⁶ See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from India: Final Results of Countervailing Duty Administrative Review*; 2012, 80 FR 11163 (March 2, 2015), and accompanying Issues and Decision Memorandum at 7-10.

⁶⁷ See *Countervailing Duties*, 63 FR 65348, 65393 (November 25, 1998).

⁶⁸ See, e.g., *Polyethylene Terephthalate Film, Sheet, and Strip from India: Final Results of Countervailing Duty Administrative Review*, 75 FR 6634 (February 10, 2010), and accompanying Issues and Decision Memorandum at Comment 9; see also *Certain Frozen Warmwater Shrimp From India: Preliminary Countervailing Duty Determination*, 78 FR 33344 (June 4, 2013) ("*Shrimp India Preliminary Determination*"), and accompanying Decision Memorandum at "Duty Incentives under the Export Promotion Capital Goods ("EPCG") Program," unchanged in *Shrimp from India*.

⁶⁹ See Steamline's Initial Questionnaire Response at 17-18 and Annexures 17 and 18; and Steamline's First Supplemental Questionnaire Response at 7; see also Sunrise's Initial Questionnaire Response at "Export Promotion of Capital Goods Scheme ("EPCGS")," and Sunrise's First Supplemental Questionnaire Response at 11.

⁷⁰ *Id.*

⁷¹ *Id.*

received a deferral from paying import duties for the capital goods that were imported, the final waiver of the obligation to pay the duties was not demonstrated for any of their imports.

As noted above, import duty reductions that Steamline and Sunrise received on the imports of capital equipment for which they had not yet met export obligations may have to be repaid to the GOI if the obligations under the licenses are not met. Consistent with our practice and prior determinations, we are treating the unpaid import duty liability as an interest-free loan.⁷²

The amount of the unpaid duty liabilities to be treated as an interest-free loan is the amount of the import duty reduction or exemption for which the respondent applied, but had not been officially waived by the GOI, as of the end of the POI. Accordingly, we find the benefit to be the interest that the respondent would have paid during the POI had it borrowed the full amount of the duty reduction or exemption at the time of importation.⁷³

As noted above, the time period for fulfilling the export requirement expires a certain number of years after importation of the capital good. As such, pursuant to 19 CFR 351.505(d)(1), the benchmark for measuring the benefit is a long-term interest rate because the event upon which repayment of the duties depends (*i.e.*, the date of expiration of the time period to fulfill the export commitment), occurs at a point in time that is more than one year after the date of importation of the capital goods. As the benchmark interest rate, we used the long-term interest rates as discussed in the “Loan Benchmarks and Interest Rates” section, above.⁷⁴ We then multiplied the total amount of unpaid duties under each license by the long-term benchmark interest rate for the year in which the capital good was imported and summed these amounts to determine the total benefit. For EPCGS licenses with duty free imports made during the POI, we calculated a daily interest rate based on a long-term interest rate and the number of days the loan was outstanding during the POI, to arrive at a prorated contingent liability for those imports.

The benefit received under the EPCGS program is the sum of: (1) the benefit attributable to the POI from the formally-waived duties for imports of capital equipment for which the respondent met export requirements by the end of the POI; and (2) the interest that would have been due had the respondent borrowed the full amount of the duty reduction or exemption at the time of importation for imports of capital equipment that have unmet export requirements during the POI. We then divided the total benefit received by Steamline and by Sunrise under the EPCGS program by the each company’s total exports during the POI. On this basis, we preliminarily determine a countervailable subsidy rate of 0.04 percent *ad valorem* for Steamline. We preliminarily determine a benefit of less than 0.005 percent *ad valorem* for Sunrise and, thus preliminarily find that Sunrise received no measureable benefit under the EPCGS program during the POI.⁷⁵

⁷² See 19 CFR 351.505(d)(1); see also *Shrimp India Preliminary Determination*, and accompanying Preliminary Decision Memorandum at EPCGS Program (unchanged in *Shrimp from India*).

⁷³ *Id.*

⁷⁴ See Steamline Preliminary Calculation Memorandum and Sunrise Preliminary Calculation Memorandum for further details.

⁷⁵ *Id.*

4. Pre- and Post-Shipment Export Financing

During the POI, the GOI provided pre- and post-shipment export financing to make short-term working capital available to exporters at internationally comparable interest rates.⁷⁶ The financing was denominated in rupees and in foreign currencies.⁷⁷ During the POI, both Steamline and Sunrise reported that they used pre-shipment export financing denominated in rupees.⁷⁸ Additionally, during the POI, Sunrise reported that it benefited from the GOI's interest subvention program on pre-shipment financing.⁷⁹

With respect to the rupee-denominated export financing, the Reserve Bank of India ("RBI") previously capped the interest rate that commercial banks could charge on these loans.⁸⁰ However, beginning on July 1, 2010, the RBI eliminated the interest-rate cap and allowed participating commercial banks to set the interest rates for these export loans based on the bank's own operating and lending costs.⁸¹ The RBI also instituted an interest-subvention program for certain exporting sectors and companies, and for small- and medium-sized companies, valid up to March 31, 2014. Steamline stated that it did not qualify for, or receive financing through, the interest subvention program, but Sunrise reported that it received financing through the interest subvention program.⁸²

We preliminarily determine that rupee-denominated pre-shipment export loans that were eligible for the interest-rate subvention confer countervailable subsidies on the subject merchandise because: (1) the provision of the export financing constitutes a financial contribution pursuant to section 771(5)(D)(i) of the Act, as a direct transfer of funds in the form of loans; (2) these loans give rise to a benefit, as described further below, because the interest rates are lower than the interest rates on comparable commercial loans (*see* section 771(5)(E)(ii) of the Act); and (3) these loans are specific under sections 771(5A)(A) and (B) of the Act because they are contingent upon export performance.⁸³

To measure the benefit conferred by the GOI's interest subvention program on rupee-denominated pre-shipment loans, we took the sum of Sunrise's interest savings (subvention) as reported by Sunrise from these loans and divided by Sunrise's total export sales. Based on this methodology, we calculate a countervailable subsidy of 0.02 percent *ad valorem* for Sunrise.

With respect to export financing denominated in foreign currencies, up to May 4, 2012, the RBI required banks to fix the rates of interest with reference to ruling LIBOR, EURO LIBOR or EURIBOR, and these rates were subject to caps, with the size of the cap varying depending on

⁷⁶ See GOI's Initial Questionnaire Response at 52-62.

⁷⁷ See GOI's First Supplemental Questionnaire Response at 10-11.

⁷⁸ See Steamline's Initial Questionnaire Response at 18-21; *see also* Sunrise's Initial Questionnaire Response at "Pre-Shipment and Post-Shipment Export Financing."

⁷⁹ See Sunrise's First Supplemental Questionnaire Response at 14-17.

⁸⁰ See GOI's Initial Questionnaire Response at 52-62.

⁸¹ *Id.*

⁸² See Steamline's First Supplemental Questionnaire Response at 9-10; *see also* Sunrise's First Supplemental Questionnaire Response at 14-17.

⁸³ See GOI's Initial Questionnaire Response at 52-62.

the duration of the loan.⁸⁴ However, the government changed the manner in which the foreign-currency-denominated export-loan program operated and, effective May 5, 2012, banks were free to determine the interest rate on export loans provided in foreign currencies and now provide export credit to exporters at internationally competitive rates under the programs of “Pre-shipment Credit in Foreign Currency” and “Rediscounting of Export Bills Abroad.”⁸⁵ As a result, we have previously found that the GOI terminated the foreign currency export financing program on May 5, 2012.⁸⁶

In *Shrimp from India*, the GOI supported its claim that the foreign currency export lending program was terminated on May 5, 2012, with a copy of the “Master Circular – Rupee/Foreign Currency Export Credit & Customer Service To Exporters,” issued by RBI, which was also included as part of the GOI’s and respondent’s submissions in the instant investigation.⁸⁷

Section 351.526(a) of the Department’s regulations permits the Department to take account of program-wide changes in setting the countervailing-duty deposit rate in certain circumstances. When a subsidy program is terminated, 19 CFR 351.526(d) requires that there be no residual benefits under the program and that, if a replacement program has been implemented, the benefits under the replacement program be calculable.

In *Shrimp from India*, as well as the instant investigation, information submitted by the GOI indicated that the maximum term for pre-shipment credits in foreign currencies was 360 days prior to shipment, and the maximum term for post-shipment credits in foreign currencies was six months from the date of shipment.⁸⁸ Thus, the last day on which the respondents could have paid reduced interest on their foreign-currency export financing was April 30, 2013 (360 days after May 5, 2012). Therefore, no residual benefits exist beyond that date. Moreover, the GOI has not implemented a replacement program.⁸⁹ Therefore, consistent with the Department’s determination in *Shrimp from India*, we are determining that the respondents had no foreign-currency-denominated export-loan benefit during the POI.

B. Programs Preliminarily Determined Not to Confer a Countervailable Benefit

1. *Focus Product Scheme (“FPS”)*

Steamline and Sunrise reported receiving an incentive from the GOI under the FPS.⁹⁰ The FPS is an incentive on the export of select products.⁹¹ The incentives are paid to offset infrastructure

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ See *Shrimp from India* and accompanying Issues and Decision Memorandum at “Export Financing Program” section.

⁸⁷ *Id.* See also GOI’s First Supplemental Questionnaire Response at Exhibit 5; and Sunrise’s Initial Questionnaire Response at Exhibit 13.

⁸⁸ See *Shrimp from India* and accompanying Issues and Decision Memorandum at “Export Financing Program” Section; see also GOI’s Initial Questionnaire Response at 52-62.

⁸⁹ See *Shrimp from India* and accompanying Issues and Decision Memorandum at “Export Financing Program” Section.

⁹⁰ See Steamline’s Initial Questionnaire Response at 22 and Annexure 28; see also Sunrise’s Initial Questionnaire Response at “Focus Product Scheme (“FPS”)” and Exhibit 14.

inefficiencies and other associated costs involved in the marketing of these products.⁹² The FPS incentive provides a fixed rebate, upon export, based on a percent of the FOB value of the export and provides for duty-free imports of inputs and capital goods.

We determine that this program provides a financial contribution in the form of revenue forgone under section 771(5)(D)(ii) of the Act. Further, we determine that the FPS program is specific under sections 771(5A)(A) and (B) of the Act because it is limited to exporters.

However, consistent with 19 CFR 351.519(b)(2), we find that the benefits from the FPS program are conferred as of the date of exportation of the shipment for which the FPS is earned. This is because the FPS credits are provided as a percentage of the value of the exported merchandise on a shipment-by-shipment basis. As such, the recipients know the exact amount of the benefit when exportation occurs. However, Steamline and Sunrise both reported that this program was not used on exports of subject merchandise to the United States, though they did use this program for exports of welded stainless pipe to other countries and/or for exports of non-subject merchandise to the United States.⁹³ Thus, we have not calculated a countervailable subsidy rate for this program because we find that the respondents' benefits under this program are tied to exports of welded stainless pipe to countries other than the United States and to exports of non-subject merchandise to the United States and thus, that the respondents did not receive benefits under this program on exports of subject merchandise to the United States during the POI.

2. Status Certificate Program

Sunrise reported that it was granted "Export House" status under the Status Certificate Program during the POI.⁹⁴ The objective of the scheme is to recognize established exporters at various levels (*e.g.*, Export House, Trading House, Star Trading House and Super Star Trading House), with a view to build marketing infrastructure and expertise required for export promotion.⁹⁵ Sunrise reported that they did not receive any benefit (financial or otherwise) from their status as an Export House under the program.⁹⁶

⁹¹ See GOI's Initial Questionnaire Response at 80-87 and Exhibits 2, 3 and 20; and GOI's First Supplemental Questionnaire Response at 11-14.

⁹² *Id.*

⁹³ See Steamline's Initial Questionnaire Response at 22 and Annexure 28 and Steamline's First Supplemental Questionnaire Response at 8; *see also* Sunrise's Initial Questionnaire Response at "Focus Product Scheme ("FPS")" and Exhibit 14.

⁹⁴ See Sunrise's Initial Questionnaire Response at "Status Certificate Program;" and GOI's Initial Questionnaire Response at 95-101.

⁹⁵ See GOI's Initial Questionnaire Response at 95.

⁹⁶ See Sunrise's Initial Questionnaire Response at "Status Certificate Program;" and Sunrise's First Supplemental Questionnaire Response at 12-14.

C. Programs Preliminarily Determined Not to Be Used

The following programs were reported by the respondents as not used during the POI or the AUL.

Government of India Programs

1. Market Development Assistance Scheme (“MDA Scheme”)
2. Market Access Initiative (“MAI”)
3. Government of India Loan Guarantees
4. Steel Development Fund (“SDF”) Loans
5. Incremental Exports Incentivisation Scheme (“IEIS”)

State Government Subsidy Programs

State Government of Andhra Pradesh (“SGAP”) Subsidy Programs under the SGAP Industrial Investment Promotion Policy

1. Grant under the IIPP: 25 Percent Reimbursement of the Cost of Land in Industrial Estates and Development Areas
2. Grant under the IIPP: Reimbursement of Power at the Rate of Rs. 0.75 per Unit
3. Grant under the IIPP: 50 Percent Subsidy for Expenses Incurred for Quality Certification
4. Grant under the IIPP: 50 Percent Subsidy on Expenses Incurred in Patent Registration
5. Grant under the IIPP: 25 Percent Subsidy on Cleaner Production Measures
6. Tax Incentives under the IIPP: 100 Percent Reimbursement of Stamp Duty and Transfer Duty Paid for the Purchase of Land and Buildings and the Obtaining of Financial Deeds and Mortgages
7. Tax Incentives under the IIPP: 25 Percent Reimbursement on Value Added Tax (“VAT”), Central Sales Tax (“CST”), and State Goods and Services Tax
8. Tax Incentives under the IIPP: Exemption from the SGAP Non-agricultural Land Assessment
9. Provision of Goods and Services for Less than Adequate Remuneration under the IIPP: Provision of Infrastructure for Industries Located More than 10 Kilometers from Existing Industrial Estates or Development Areas
10. Provision of Goods and Services for Less than Adequate Remuneration Under the IIPP: Guaranteed Stable Prices and Reservation of Municipal Water

State Government of Maharashtra Subsidy Programs

11. Infrastructure Assistance for Mega Projects under the Maharashtra Industrial Policy of 2013 and Other SGOM Industrial Promotion Policies to Support Mega Projects
12. Subsidies for Mega Projects under the Package Scheme of Incentives

IX. CALCULATION OF THE ALL-OTHERS RATE

Sections 703(d) and 705(c)(5)(A) of the Act state that for companies not individually investigated, we will determine an all-others rate by weighting the individual company subsidy rate of each of the companies investigated by each company's exports of subject merchandise to the United States, excluding any zero, *de minimis*, or facts available rates. In this review, the preliminary subsidy rates calculated for the two mandatory respondents are above *de minimis* and neither was determined entirely on facts otherwise available pursuant to section 776 of the Act. However, calculating the all-others rate by using the respondents' actual weighted-average rates risks disclosure of proprietary information. Therefore, for these preliminary results, we calculated the weighted-average all-others rate for non-selected companies using Steamline's and Sunrise's publicly-ranged information reported by Steamline and Sunrise. As a consequence, the all-others rate is 4.55 percent *ad valorem*.⁹⁷

X. ITC NOTIFICATION

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an APO, without the written consent of the Assistant Secretary for Enforcement and Compliance.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

XI. DISCLOSURE AND PUBLIC COMMENT

The Department intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement.⁹⁸ Case briefs may be submitted to Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System ("ACCESS") no later than seven days after the date on which the last verification report is issued in this proceeding and rebuttal briefs, limited to issues raised in the case briefs, may be submitted no later than five days after the deadline for case briefs.

Parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.⁹⁹ This summary should be limited to five pages total, including footnotes.

⁹⁷ See Memorandum to the File, "Countervailing Duty Investigation of Welded Stainless Pressure Pipe from India: Preliminary Determination Margin Calculation for All-Others," dated concurrently with this memorandum.

⁹⁸ See 19 CFR 351.224(b).

⁹⁹ See 19 CFR 351.309(c)(2) and (d)(2).

Interested parties who wish to request a hearing must do so in writing within 30 days after the publication of this preliminary determination in the *Federal Register*.¹⁰⁰ Requests should contain the party's name, address, and telephone number; the number of participants; and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a date, time, and location to be determined. Parties will be notified of the date, time, and location of any hearing.


Parties must file their case and rebuttal briefs, and any requests for a hearing, electronically using ACCESS.¹⁰¹ Electronically filed documents must be received successfully in their entirety by 5:00 p.m. Eastern Time, on the due dates established above.¹⁰²

XII. VERIFICATION

As provided in section 782(i)(1) of the Act, we intend to verify the information submitted in response to the Department's questionnaires.


XIII. CONCLUSION

We recommend applying the above methodology for this preliminary determination.



Agree

Disagree



Paul Piquado
Assistant Secretary
for Enforcement and Compliance

4 MARCH 2016

(Date)

¹⁰⁰ See 19 CFR 351.310(c).

¹⁰¹ See 19 CFR 351.303(b)(2)(i).

¹⁰² See 19 CFR 351.303(b)(1).