




A-583-837
POR: 07/01/11-06/30/12
Public Document
Office VII: MK

February 24, 2014

MEMORANDUM TO: Paul Piquado
Assistant Secretary
for Enforcement and Compliance

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

SUBJECT: Decision Memorandum for the Final Results of Antidumping Duty
Administrative Review: Polyethylene Terephthalate Film, Sheet,
and Strip from Taiwan; 2011-2012 Administrative Review

SUMMARY

We analyzed the comments from the interested parties in the 2011-2012 administrative review of the antidumping duty order on polyethylene terephthalate film, sheet, and strip from Taiwan. A case brief was filed by DuPont Teijin Films, Mitsubishi Polyester Film, Inc. and SKC, Inc. ("petitioners"). We received no rebuttal briefs by any interested party. As a result of this analysis, we made certain changes to the margin calculations for Shinkong. We recommend that you approve the position described in the "Discussion of the Issue" section of this memorandum.

Background

On August 9, 2013, the Department published the Preliminary Results of this administrative review.¹ The administrative review covers one producer and exporter of the subject merchandise to the United States, Shinkong Synthetic Fibers Corporation and its subsidiary Shinkong Material Technology Corporation (collectively "Shinkong"). The period of review ("POR") is July 1, 2011, through June 30, 2012. The Department conducted verification from August 22 through 30, 2013 in Taipei, Taiwan. On November 8, 2013, Shinkong submitted an updated home market sales database.² We invited parties to comment on the Preliminary Results and received comments from petitioners on November 19, 2013.³ We received no rebuttal briefs from any interested party.

¹ See Polyethylene Terephthalate Film, Sheet, and Strip From Taiwan; Preliminary Results of the Antidumping Duty Administrative Review; 2011-12, 78 FR 48651 (August 9, 2013) ("Preliminary Results").

² See "Revised Home Market Sales Database" (November 8, 2013).

³ See "Petitioners' Case Brief" (November 19, 2013).

Scope of the Order

The products covered by the antidumping duty order are all gauges of raw, pretreated, or primed polyethylene terephthalate film, sheet, and strip, whether extruded or coextruded. Excluded are metalized 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 polyethylene terephthalate film, sheet, and strip 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.

Discussion of the Issue

Comment: Whether Shinkong's underutilized capacity should be classified as a cost of manufacturing or as a general and administrative expense

Petitioners

- The Department should adjust Shinkong's cost of manufacturing ("COM") for the underutilized capacity cost ("UCC") which for reporting purposes were reclassified from cost of sales ("COS") to general and administrative expenses ("G&A").
- This reclassification appears to deviate from the company's ordinary method of classifying expenses, and it understates the COM and/or the general expense ratio by reclassifying the amount to general expenses and allocating the total over a cost of sales that includes the underutilized costs.
- If the Department does not agree, then at a minimum it must deduct the UCC from the COS denominator over which the general expenses are allocated.

Shinkong

- No rebuttal

Department's Position: We agree with petitioners that the Department should reclassify the UCCs included in Shinkong's G&A expenses to COM. These UCCs represent conversion costs incurred during the POR. Because these UCCs are included in COS in Shinkong's income statement for financial reporting purposes and this classification is consistent with Taiwanese Generally Accepted Accounting Principles,⁴ we agree with petitioner that they should be included in COM, not G&A expenses.⁵

⁴ See "Submission of Verification Exhibits" (September 9, 2014) at Cost Verification Exhibit 2.


⁵ See accompanying Cost of Production and Constructed Value Calculation Adjustments for the Final Results Shinkong Synthetic Fibers Corporation.

Recommendation

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

✓
Agree

Disagree


Paul Piquado
Assistant Secretary
for Enforcement and Compliance

24 February 2014
(Date)