

the *de minimis* rate for developing countries for each program in which the respondents failed to provide the necessary information to calculate a countervailing duty rate. See petitioners' June 16, 2003 letter; see also Section 703(b)(4)(B). To ensure that respondents are provided an incentive to respond in the future, and because "in employing adverse inferences, one factor [the Department] will consider is the extent to which a party may benefit from its own lack of cooperation," we have preliminarily determined it was reasonable to apply the 2.00 percent rate. (SAA at 870.) Because we have no information on these programs, it was not practicable in this case to corroborate the 2.00 percent rate with anything other than the general information (*i.e.*, various federal and state industrial policy bulletins) used for the allegations in the petition. See *Sheet and Strip Korea*, 64 FR 30636. Based on the record of this case, we regard the petition a practicable source for corroboration, because information in the petition is reliable and relevant, and there is no record information showing otherwise. See 19 CFR 351.308(c)(2)(d). Therefore, we conclude that because TISCO and the GOI failed to cooperate to the best of their ability, we are making an adverse inference that a program rate of 2.00 percent *ad valorem* might reflect the level of benefit they are receiving. To corroborate our adverse inference that Indian producers/exporters of subject merchandise are eligible to use and may have benefitted from these programs, we reviewed the federal and state industrial policy and tax bulletins that were submitted on the record by petitioners in the petitions. Based on this review, these rates are neither unduly harsh nor punitive, and because they have been corroborated, continue to have probative value.

Programs Previously Determined To Be Countervailable

As explained in the *Initiation Notice* and in the *Initiation Checklist*, this investigation includes several programs that were determined to be countervailable in previous investigations and administrative reviews. No new information or evidence of changed circumstances has been submitted in this investigation to warrant reconsideration of those determinations. Therefore, in accordance with section 771(5A)(B) of the Act, we continue to determine that the following programs are countervailable. Full descriptions of each program are provided in the *Initiation Checklist*. See *Hot-Rolled Steel From India*, 66 FR 49635, and *Pet*

Film From India, 67 FR 34905, for the Department's determinations of countervailability for each of these programs.

A. Government of India Programs

1. Pre-shipment and Post-shipment Export Financing

The Reserve Bank of India (RBI), through commercial banks, provides short-term pre-shipment financing, or "packing credits," to exporters. Post-shipment export financing consists of loans in the form of discounted trade bills or advances by commercial banks.

The Department has previously determined that this export financing is countervailable to the extent that the interest rates are set by the GOI and are lower than the rates exporters would have paid on comparable commercial loans. See, *Hot-Rolled Steel From India*, 66 FR 49635, and *Pet Film From India*, 67 FR 34905, and *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From India*, 64 FR 73137 (December 29, 1999) (*CTL Plate From India*). Specifically, the Department determined that the GOI's issuance of financing at preferential rates constituted a financial contribution pursuant to section 771(5)(D)(i) of the Act. See the "Pre-Shipment and Post-Shipment Export Financing" section of the *PET Film From India Decision Memo*. The Department further determined that the interest savings under this program conferred a benefit pursuant to section 771(5)(E)(ii) of the Act. *Id.* In addition, the Department determined this program, which is contingent upon exports, to be specific within the meaning of section 771(5A)(B) of the Act. *Id.*

As adverse facts available for pre-shipment export financing, we preliminarily determine to use a rate of 1.32 percent *ad valorem*, which is the highest company-specific program rate calculated in *Hot-Rolled Steel From India*, 66 FR 49635. As adverse facts available for post-shipment export financing, we preliminarily determine to use a rate of 0.74 percent *ad valorem*, which is the highest company-specific program rate calculated in *Hot-Rolled Steel From India*, 66 FR 49635.

2. Duty Entitlement Passbook Scheme (DEPS)

India's DEPS was enacted on April 1, 1997, as a successor to the Passbook Scheme (PBS). As with PBS, the DEPS enables exporting companies to earn import duty exemptions in the form of passbook credits rather than cash. All exporters are eligible to earn DEPS

credits on a post-export basis, provided that the exported product is listed in the GOI's Standard Input/Output Norms (SIONs). Post-export DEPS credits can be used for any subsequent imports, regardless of whether they are consumed in the production of an export product. Post-export DEPS credits are valid for 12 months and are transferable. Exporters were eligible to earn credits equal to certain percent of the f.o.b. value of their export shipments.

The Department has previously determined that the DEPS is countervailable. See, *Hot-Rolled Steel From India*, 66 FR 49635 and *Pet Film From India*, 67 FR 34905. In *PET Film From India*, the Department determined that (1) under the DEPS, a financial contribution, as defined under section 771(5)(D)(ii) of the Act, is provided because the GOI provides credits for the future payment of import duties; (2) since the GOI does not have in place and does not apply a system to confirm which inputs, and in what amounts, are consumed in the production of the exported products that is reasonable and effective for the purposes intended, under section 351.519(a)(4) of the Department's regulations and section 771(5)(E) of the Act, the entire amount of import duty exemption earned during the POI constitutes a benefit; and (3) this program can only be used by exporters and, therefore, is specific under section 771(5A)(B) of the Act. See the "DEPS" section of the *PET Film From India Decision Memo*, on file in the CRU.

As adverse facts available for the DEPS, we preliminarily determine to use a rate of 13.98 percent *ad valorem*, which is the highest company-specific program rate calculated in *Hot-Rolled Steel From India*, 66 FR 49635.

3. Export Promotion Capital Goods Scheme (EPCGS)

The EPCGS provides for a reduction or exemption of customs duties and an exemption from excise taxes on imports of capital goods. Under this program, producers may import capital equipment at reduced rates of duty by undertaking to earn convertible foreign exchange equal to four to five times the value of the capital goods within a period of eight years. For failure to meet the export obligation, a company is subject to payment of all or part of the duty reduction, depending on the extent of the export shortfall, plus penalty interest.

In previous investigations, we determined that producers/exporters benefit from the waiver of import duty on imports of capital equipment. A