



2025/1748

19.8.2025

COMMISSION IMPLEMENTING REGULATION (EU) 2025/1748

of 18 August 2025

**imposing a definitive countervailing duty on imports of certain polyethylene terephthalate (PET)
originating in India following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037
of the European Parliament and of the Council**

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2016/1037 of the European Parliament and of the Council of 8 June 2016 on protection against subsidised imports from countries not members of the European Union ⁽¹⁾ ('the basic Regulation'), and in particular Article 18 thereof,

Whereas:

1. PROCEDURE

1.1. Measures in force

- (1) By Regulation (EC) No 2603/2000 ⁽²⁾, the Council imposed definitive countervailing duties on imports of polyethylene terephthalate ('PET') originating, inter alia, in India ('original investigation').
- (2) By Regulation (EC) No 1645/2005 ⁽³⁾, the Council amended the level of countervailing measures in force against imports of PET from India. The amendments were a result of an accelerated review initiated pursuant to Article 20 of the basic Regulation.
- (3) Following an expiry review, the Council by Regulation (EC) No 193/2007 ⁽⁴⁾ imposed definitive countervailing duties for a further period of five years.
- (4) The countervailing measures were subsequently amended by Council Regulation (EC) No 1286/2008 ⁽⁵⁾ and Council Implementing Regulation (EU) No 906/2011 ⁽⁶⁾, following partial interim reviews.

⁽¹⁾ OJ L 176, 30.6.2016, p. 55, ELI: <http://data.europa.eu/eli/reg/2016/1037/oj>.

⁽²⁾ Council Regulation (EC) No 2603/2000 of 27 November 2000 imposing a definitive countervailing duty and collecting definitively the provisional duty imposed on imports of certain polyethylene terephthalate originating in India, Malaysia and Thailand and terminating the anti-subsidy proceeding concerning imports of certain polyethylene terephthalate originating in Indonesia, the Republic of Korea and Taiwan (OJ L 301, 30.11.2000, p. 1, ELI: <http://data.europa.eu/eli/reg/2000/2603/oj>).

⁽³⁾ Council Regulation (EC) No 1645/2005 of 6 October 2005 amending Regulation (EC) No 2603/2000 imposing a definitive countervailing duty on imports of certain polyethylene terephthalate originating, inter alia, in India (OJ L 266, 11.10.2005, p. 1, ELI: <http://data.europa.eu/eli/reg/2005/1645/oj>).

⁽⁴⁾ Council Regulation (EC) No 193/2007 of 22 February 2007 imposing a definitive countervailing duty on imports of polyethylene terephthalate (PET) originating in India following an expiry review pursuant to Article 18 of Regulation (EC) No 2026/97 (OJ L 59, 27.2.2007, p. 34, ELI: <http://data.europa.eu/eli/reg/2007/193/oj>).

⁽⁵⁾ Council Regulation (EC) No 1286/2008 of 16 December 2008 amending Regulation (EC) No 193/2007, imposing a definitive countervailing duty on imports of certain polyethylene terephthalate, originating in India and amending Regulation (EC) No 192/2007 imposing a definitive anti-dumping duty on imports of certain polyethylene terephthalate, originating in, inter alia, India (OJ L 340, 19.12.2008, p. 1, ELI: <http://data.europa.eu/eli/reg/2008/1286/oj>).

⁽⁶⁾ Council Implementing Regulation (EU) No 906/2011 of 2 September 2011 amending Regulation (EC) No 193/2007 imposing a definitive countervailing duty on imports of polyethylene terephthalate originating in India, and amending Regulation (EC) No 192/2007 imposing a definitive anti-dumping duty on imports of certain polyethylene terephthalate originating in, inter alia, India (OJ L 232, 9.9.2011, p. 19, ELI: http://data.europa.eu/eli/reg_impl/2011/906/oj).

- (5) A later partial interim review was terminated without amending the measures in force by Council Implementing Regulation (EU) No 559/2012 ⁽⁷⁾.
- (6) Following another expiry review, the Council by Implementing Regulation (EU) No 461/2013 ⁽⁸⁾ imposed definitive countervailing duties for a further period of five years.
- (7) By Decision 2000/745/EC ⁽⁹⁾, the Commission accepted a minimum import price offered by three exporting producers in India. By Implementing Decision 2014/109/EU ⁽¹⁰⁾, the Commission withdrew the acceptance of the undertakings, due to a change in the circumstances under which the undertakings were accepted.
- (8) By Implementing Regulation (EU) 2015/1350 ⁽¹¹⁾, the Council amended the level of countervailing measures in force against imports of PET from India, following two partial interim reviews.
- (9) By Implementing Regulation (EU) 2018/1468 ⁽¹²⁾, the Commission amended the level of countervailing measures in force following two partial interim reviews.
- (10) Following the third expiry review, the Commission by Implementing Regulation (EU) No 2019/1286 ⁽¹³⁾ imposed definitive countervailing duties for a further period of five years ('last expiry review').
- (11) On 2 June 2020, Implementing Regulation (EU) 2019/1286 was amended by Commission Implementing Regulation (EU) 2020/738 ⁽¹⁴⁾, changing the countervailing duties from specific to *ad valorem*. The current applicable countervailing duties range from 2,3 % to 13,8 % for sampled or cooperating exporting producers, and amount to 13,8 % for all other exporting producers.

1.2. Request for an expiry review

- (12) Following the publication of a notice of impending expiry ⁽¹⁵⁾ of the countervailing measures in force on the imports of PET originating in India ('the country concerned'), the Commission received a request for review pursuant to Article 18 of the basic Regulation ('the review request').

⁽⁷⁾ Council Implementing Regulation (EU) No 559/2012 of 26 June 2012 terminating the partial interim review concerning the countervailing measures on imports of certain polyethylene terephthalate (PET) originating in, inter alia, India (OJ L 168, 28.6.2012, p. 6, ELI: http://data.europa.eu/eli/reg_impl/2012/559/oj).

⁽⁸⁾ Council Implementing Regulation (EU) No 461/2013 of 21 May 2013 imposing a definitive countervailing duty on imports of certain polyethylene terephthalate (PET) originating in India following an expiry review pursuant to Article 18 of Regulation (EC) No 597/2009 (OJ L 137, 23.5.2013, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2013/461/oj).

⁽⁹⁾ Commission Decision 2000/745/EC of 29 November 2000 accepting undertakings offered in connection with the anti-dumping and anti-subsidy proceedings concerning imports of certain polyethylene terephthalate (PET) originating in India, Indonesia, Malaysia, the Republic of Korea, Taiwan and Thailand (OJ L 301, 30.11.2000, p. 88, ELI: <http://data.europa.eu/eli/dec/2000/745/oj>).

⁽¹⁰⁾ Commission Implementing Decision 2014/109/EU of 4 February 2014 repealing Decision 2000/745/EC accepting undertakings offered in connection with the anti-dumping and anti-subsidy proceedings concerning imports of certain polyethylene terephthalate (PET) originating, inter alia, in India (OJ L 59, 28.2.2014, p. 35, ELI: http://data.europa.eu/eli/dec_impl/2014/109/oj).

⁽¹¹⁾ Commission Implementing Regulation (EU) 2015/1350 of 3 August 2015 amending Council Implementing Regulation (EU) No 461/2013 imposing a definitive countervailing duty on imports of certain polyethylene terephthalate (PET) originating in India (OJ L 208, 5.8.2015, p. 10, ELI: http://data.europa.eu/eli/reg_impl/2015/1350/oj).

⁽¹²⁾ Commission Implementing Regulation (EU) 2018/1468 of 1 October 2018 amending Council Implementing Regulation (EU) No 461/2013 imposing a definitive countervailing duty on imports of certain polyethylene terephthalate (PET) originating in India (OJ L 246, 2.10.2018, p. 3, ELI: http://data.europa.eu/eli/reg_impl/2018/1468/oj).

⁽¹³⁾ Commission Implementing Regulation (EU) No 2019/1286 of 30 July 2019 imposing a definitive countervailing duty on imports of certain polyethylene terephthalate (PET) originating in India following an expiry review pursuant to Article 18 of the Regulation (EU) 2016/1037 of the European Parliament and the Council (OJ L 202, 31.7.2019, p. 81, ELI: http://data.europa.eu/eli/reg_impl/2019/1286/oj).

⁽¹⁴⁾ Commission Implementing Regulation (EU) 2020/738 of 2 June 2020 amending Implementing Regulation (EU) 2019/1286 imposing a definitive countervailing duty on imports of certain polyethylene terephthalate (PET) originating in India (OJ L 175, 4.6.2020, p. 1, ELI: http://data.europa.eu/eli/reg_impl/2020/738/oj).

⁽¹⁵⁾ OJ C, C/2023/589, 6.11.2023, ELI: <http://data.europa.eu/eli/C/2023/589/oj>.

- (13) The review request was lodged on 26 April 2024 by PET Europe ('the applicant') on behalf of the Union industry of polyethylene terephthalate ('PET') in the sense of Article 10(6) of the basic Regulation.
- (14) The review request is based on the grounds that the expiry of the measures would be likely to result in continuation and recurrence of subsidisation, and recurrence of injury to the Union industry.
- (15) Prior to the initiation of the expiry review, and in accordance with Articles 22(1) and 10(7) of the basic Regulation, the Commission notified the Government of India ('GOI') that it had received a properly documented review request and invited the GOI for consultations with the aim of clarifying the situation as regards the contents of the review request and arriving at a mutually agreed solution.
- (16) Consultations with the GOI were held on 22 July 2024 and GOI expressed its views regarding the initiation of the investigation to the Commission. GOI also submitted its views in writing on 25 July 2024. The expiry review investigation was initiated on 26 July 2024.

1.3. Initiation

- (17) Having determined, after consulting the Committee established by Article 25(1) of the basic Regulation, that sufficient evidence existed for the initiation of an expiry review, the Commission announced on 26 July 2024, by a notice published in the *Official Journal of the European Union* ⁽¹⁶⁾ ('the Notice of Initiation') the initiation of an expiry review pursuant to Article 18 of the basic Regulation. In view of Article 18(2) of the basic Regulation, the Commission prepared a memorandum on sufficiency of evidence containing the Commission's assessment on all the evidence at its disposal and on the basis of which the Commission initiated this investigation.
- (18) Following the definitive disclosure, the GOI submitted that the review request was merely on presumptions and assertions which are not supported by any documentary evidence and the applicant was not able to prove there is likelihood of injury. Therefore, according to the GOI, the Commission should not have initiated the investigation based on an insufficient review request.
- (19) The legal standard of evidence required for a review request under Article 18(2) of the basic Regulation makes it clear that the applicant does not need to show that the expiry of measures will positively result in continuation or recurrence of injury. Furthermore, the quantity and quality of information in the review request by definition cannot be the same as the one on which the Commission bases its findings at the end of an investigation. In any event, in the present case, the Commission's analysis of the evidence provided by the applicant has yielded the result that the review request contained sufficient evidence demonstrating that the expiry of the measures would be likely to result in the continuation of further subsidisation and recurrence of injury. Therefore, the GOI's claim is dismissed.

1.4. Review investigation period and period considered

- (20) The investigation of continuation or recurrence of subsidisation covered the period 1 July 2023 to 30 June 2024 ('the review investigation period'). The examination of trends relevant for the assessment of the likelihood of a recurrence of injury will cover the period from 1 January 2020 to the end of the review investigation period ('the period considered').

1.5. Interested parties

- (21) In the Notice of Initiation, the Commission invited all interested parties to participate in the investigation. In addition, the Commission specifically informed the applicant, other known Union producers, exporting producers, importers and users in the Union known to be concerned and the authorities in India of the initiation of the expiry review and invited them to participate.

⁽¹⁶⁾ OJ C, C/2024/4678, 26.7.2024, ELI: <http://data.europa.eu/eli/C/2024/4678/oj>.

- (22) All interested parties were invited to make their views known, submit information and provide supporting evidence within the time-limits set out in the Notice of Initiation. Interested parties were also granted the opportunity to request in writing a hearing by the Commission investigation services and/or the Hearing Officer in trade proceedings.

1.5.1. *Sampling*

- (23) In the Notice of Initiation, the Commission stated that it might sample interested parties, in accordance with Article 27 of the basic Regulation.

1.5.2. *Sampling of Union producers*

- (24) In its Notice of Initiation, the Commission stated that it had provisionally selected a sample of Union producers. In accordance with Article 27 of the basic Regulation the Commission selected the sample on the basis of the largest representative volume of sales and production in the Union which could reasonably be investigated within the time available. This sample consisted of two Union producers. The sampled Union producers accounted for over 30 % of the estimated total production in the Union in the review investigation period. The Commission invited interested parties to comment on the provisional sample, but did not receive any comments. The provisional sample was therefore confirmed and is considered representative of the Union industry.
- (25) Further to the definitive disclosure, the GOI expressed concerns that the Commission's reliance on an extremely small sample may result in non-representative findings. The GOI noted that only two Union producers, covering over 30 % of the production, were sampled, which means that 70 % of the industry was not verified, questioning the completeness and fairness of the Commission's injury analysis.
- (26) First, in accordance with Article 27(1) of the basic Regulation, the Commission has a discretion to limit the sample of Union producers to cover the largest representative volume of Union sales and production which can reasonably be investigated within the time available. Second, the Commission relied on the data of the sampled Union producers only in the analysis of micro-economic indicators, while the macro-economic indicators outlined in this Regulation cover the situation of the entire Union industry and not solely data from the sampled Union producers, hence further invalidating the GOI's claim on the lack of completeness and fairness in the Commission analysis.

1.5.3. *Sampling of unrelated importers*

- (27) In order to enable the Commission to decide whether sampling was necessary and, if so, to select a sample, all unrelated importers/users were invited to participate in this investigation. Those parties were requested to make themselves known by providing the Commission with the information on their companies requested in Annex II of the Notice of Initiation. No user or importer came forward in the sampling exercise.

1.5.4. *Sampling of exporting producers*

- (28) In order to enable the Commission to decide whether sampling was necessary and, if so, to select a sample, all exporting producers were invited to participate in this investigation. Those parties were requested to make themselves known by providing the Commission with the information on their companies requested in point 5.3.1 of the Notice of Initiation. In addition, the Commission asked the Mission of India to the European Union to identify and/or contact other exporting producers, if any, that could be interested in participating in the investigation. None of the exporting producers provided the requested information.

1.5.5. *Questionnaires and verification visits*

- (29) In order to obtain the information deemed necessary for its investigation, the Commission published online the questionnaires for the exporting producers, the unrelated importers and the Union producers and sent questionnaire to the GOI.

- (30) One exporting producer, which did not export to the Union during the review investigation period, provided a questionnaire reply. The GOI also provided a questionnaire reply.
- (31) The Commission sought and verified all the information it deemed necessary for the determination of the likelihood of continuation or recurrence of subsidisation and injury and for the determination of the Union interest. A verification visit took place also at the premises of the GOI in New Delhi.
- (32) Furthermore, verification visits pursuant to Article 26 of the basic Regulation were carried out at the premises of the following companies:

Union producers:

- Indorama Ventures Poland Sp. z o.o, Poland,
- UAB 'NEO GROUP', Lithuania.

2. PRODUCT UNDER REVIEW AND LIKE PRODUCT

2.1. Product under review

- (33) The product subject to this review is the same as in the original investigation, namely polyethylene terephthalate (PET) having a viscosity number of 78 ml/g or higher, currently falling under CN code 3907 61 00 and originating in India ('the product under review').

2.2. Like product

- (34) It was considered that the product under review produced in India and exported to the Union and the product produced and sold in the Union by the Union industry have the same basic physical and chemical characteristics, and the same basic uses. They were therefore considered to be like products within the meaning of Article 2(c) of the basic Regulation.

3. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF SUBSIDISATION

- (35) On the basis of the information contained in the review request, as well as the information submitted by the GOI and the cooperating exporting producer, the following schemes, which allegedly involve the granting of subsidies, were investigated:

Schemes originally investigated and confirmed during the last expiry review

Government revenue foregone or not collected that is otherwise due ⁽¹⁷⁾

- (a) Advance Authorisation Scheme (AAS)
- (b) Duty Drawback Scheme ('DDS')
- (c) Export Promotion Capital Goods Scheme ('EPCGS')
- (d) Gujarat Electricity Duty Exemption Scheme ('GEDES')

Additional schemes alleged in the review request

Government revenue foregone or not collected that is otherwise due ⁽¹⁸⁾

- (e) Scheme for Remission of Duties and Taxes on Exported Goods ('RoDTEP')
- (f) Duty Free Import Authorisation Scheme ('DFIA');

⁽¹⁷⁾ Article 3(1)(a)(ii) of the basic AS Regulation.

⁽¹⁸⁾ Article 3(1)(a)(ii) of the basic AS Regulation.

Direct transfer of funds ⁽¹⁹⁾

(g) Interest Equalisation Scheme (IES)

3.1. Schemes originally investigated and confirmed in the last expiry review

- (36) Pursuant to Article 18 of the basic Regulation, the Commission should examine whether there is evidence of continued subsidisation, regardless of its amount. In view of the findings of existence of continued subsidisation with respect to most of the main subsidies countervailed in the original investigation, there was no need to investigate all the other subsidies alleged to exist by the complainant.
- (37) The subsidies specified in the recital (35) above, and which were countervailed in the past, are based on the following policy documents and legislation.
- (38) The AAS and EPCGS schemes are based on the Foreign Trade (Development and Regulation) Act 1992 (No 22 of 1992) which entered into force on 7 August 1992 ('Foreign Trade Act'). The Foreign Trade Act authorises the GOI to issue notifications regarding the export and import policy. These are summarised in 'Foreign Trade Policy' documents, which are issued by the Ministry of Commerce every five years and updated regularly ⁽²⁰⁾.
- (39) The Foreign Trade Policy document relevant for the review investigation period is the Foreign Trade Policy FTP 2023. It entered into force on 1 April 2023. The GOI also sets out the procedures governing FTP in a Handbook of Procedures ⁽²¹⁾ ('HOP') 2023. The latter entered into force on 1 April 2023.
- (40) AAS and EPCGS are based on the FTP 2023 as well as HOP 2023.
- (41) The DDS scheme is based on section 75 of the Customs Act of 1962, on Section 37 of the Central Excise Act of 1944, on Sections 93A and 94 of the Financial Act of 1994, and on the Customs, Central Excise Duties and Service Tax Drawback Rules of 1995. The drawback rates are published on a regular basis.
- (42) The GEDES scheme is based on Gujarat Electricity Duty Act, 1958 ('Electricity Act') under Section 3(2)(vii) and (viii) as amended from time to time in Gujarat Government Gazette.
- (43) One cooperating exporting producer confirmed obtaining concessions under AAS and DDS schemes during the review investigation period. However, as it did not export to the Union during this review investigation period, the benefits were not quantified.

⁽¹⁹⁾ Article 3(1)(a)(i) of the basic AS Regulation.

⁽²⁰⁾ <https://www.dgft.gov.in/CP/?opt=ft-policy>.

⁽²¹⁾ <https://www.dgft.gov.in/CP/?opt=ft-procedures>.

3.2. Advance Authorisation Scheme (AAS)

- (44) The cooperating exporting producer confirmed obtaining concessions under AAS during the review investigation period (RIP).
- (45) This scheme has been countervailed in a number of countervailing duty proceedings concerning India, including in recitals (28) to (55) of the graphite electrode systems regulation ⁽²²⁾, in recitals (126) to (153) of the stainless steel cold-rolled flat products regulation ⁽²³⁾, in recitals (39) to (61) of the last expiry review regulation ⁽²⁴⁾ and in recitals (40) to (60) of the stainless steel bars and rods regulation ⁽²⁵⁾.

3.2.1. Legal basis

- (46) The detailed description of the scheme is contained in Chapters 4.03 to 4.23 of the FTP 2023 and Chapters 4.04 to 4.51 of the HOP 2023.

3.2.2. Eligibility

- (47) Pursuant to paragraph 4.05 of the FTP 2023, advanced authorisation licences can be issued either to manufacturer-exporters or to merchant exporters tied to supporting manufacturers.
- (48) Advanced authorisation licences can be issued for physical exports, for intermediate supplies, for the supply of certain goods and for deemed exports.

3.2.3. Practical implementation

- (49) Applicants need to apply for a licence which would allow importing duty-free inputs and where the volume of these imports should not exceed the volume of inputs for manufacturing exported products.
- (50) The AAS can be issued for:
- (51) Physical exports: This is the main sub-scheme. It allows for duty-free import of input materials for the production of a specific resulting export product. 'Physical' in this context means that the export product has to leave the Indian territory. An import allowance and an export obligation including the type of export product are specified in the licence;
- (52) Annual requirement: Such an authorisation is not linked to a specific export product, but to a wider product group (e.g. chemical and allied products). The licence holder can – up to a certain value threshold set by its past export performance – import duty-free any input to be used in manufacturing any of the items falling under such a product group. It can choose to export any resulting product falling under the product group using such duty-exempt material;

⁽²²⁾ Commission Implementing Regulation (EU) 2023/1103 of 6 June 2023 imposing a definitive countervailing duty on imports of certain graphite electrode systems originating in India following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 147, 7.6.2023, p. 27, ELI: http://data.europa.eu/eli/reg_impl/2023/1103/oj).

⁽²³⁾ Commission Implementing Regulation (EU) 2022/433 of 15 March 2022 imposing definitive countervailing duties on imports of stainless steel cold-rolled flat products originating in India and Indonesia and amending Implementing Regulation (EU) 2021/2012 imposing a definitive anti-dumping duty and definitively collecting the provisional duty imposed on imports of stainless steel cold-rolled flat products originating in India and Indonesia (OJ L 88, 16.3.2022, p. 24, ELI: http://data.europa.eu/eli/reg_impl/2022/433/oj).

⁽²⁴⁾ Implementing Regulation (EU) No 2019/1286.

⁽²⁵⁾ Commission Implementing Regulation (EU) 2017/1141 of 27 June 2017 imposing a definitive countervailing duty on imports of certain stainless steel bars and rods originating in India following an expiry review under Article 18 of Regulation (EU) 2016/1037 of the European Parliament and the Council (OJ L 165, 28.6.2017, p. 2, ELI: http://data.europa.eu/eli/reg_impl/2017/1141/oj).

- (53) Intermediate supplies: This sub-scheme covers cases where two manufacturers intend to produce a single export product and divide the production process. The manufacturer-exporter who produces the intermediate product can import duty-free input materials and can obtain for this purpose an AAS for intermediate supplies. The ultimate exporter finalises the production and is obliged to export the finished product;
- (54) Deemed exports: This sub-scheme allows a main contractor to import inputs free of duty which are required in manufacturing goods to be sold as 'deemed exports'. According to the GOI, deemed exports refer to those transactions in which the goods supplied do not leave the country. A number of categories of supply is regarded as deemed exports provided the goods are manufactured in India, e.g. supply of goods to an EOU or to a company situated in a special economic zone ('SEZ');
- (55) Advance Release Order ('ARO'): The AAS holder intending to source the inputs from indigenous sources, in lieu of direct import, has the option to source them against AROs. In such cases the Advance Authorisations are validated as AROs and are endorsed to the indigenous supplier upon delivery of the items specified therein. The endorsement of the ARO entitles the indigenous supplier to the benefits of deemed exports as set out in paragraph 7.03 of the FTP 2023 (i.e. AAS for intermediate supplies/deemed export, deemed export drawback and refund of terminal excise duty). The ARO mechanism refunds taxes and duties to the supplier instead of refunding the same to the ultimate exporter in the form of drawback/refund of duties. The refund of taxes/duties is available both for indigenous inputs as well as imported inputs;
- (56) Back to back inland letter of credit: This sub-scheme again covers indigenous supplies to an Advance Authorisation holder. The holder of an Advance Authorisation can approach a bank for opening an inland letter of credit in favour of an indigenous supplier. The authorisation will be validated by the bank for direct import only in respect of the value and volume of items being sourced indigenously instead of importation. The indigenous supplier will be entitled to deemed export benefits as set out in paragraph 7.03 of the FTP 2023 (i.e. AAS for intermediate supplies/deemed export, deemed export drawback and refund of terminal excise duty).
- (57) For verification purposes by the Indian authorities, an Advance Authorisation holder is legally obliged to maintain 'a true and proper account of consumption and utilisation of duty-free imported/domestically procured goods' in a specified format (Chapter 4.51 and Appendix 4H HOP 2023), i.e. an actual consumption register. This register has to be verified by an external chartered accountant/cost and works accountant who issues a certificate stating that the prescribed registers and relevant records have been examined and the information furnished under Appendix 4H is true and correct in all respects.
- (58) Physical exports, the import allowance and the export obligation are fixed in volume and value by the GOI and are documented on the Authorisation. At the time of import and of export, the corresponding transactions are to be documented by Government officials on the Authorisation. The volume of imports allowed under the AAS is determined by the GOI on the basis of Standard Input Output Norms ('SIONs') which exist for most products including the product under review. The SION applicable to the product under review was established by the GOI in 1998, with the latest revision occurring in 2011, Public Notice No 28/(RE2010)/2009-2014, dated 11 February 2011.
- (59) AAS licences indicate the import allowance and the export obligation. Imported input materials are not transferable and have to be used to produce the resulting export product. Licence-holders have 12 months to import the inputs and 18 months to export the manufactured products. The GOI may grant extensions to these deadlines upon requests by the licence-holder.
- (60) In the current review, the Commission investigated whether the GOI has in place and applies an effective verification system or procedure to confirm which inputs were consumed in the production of the exported product and in what amount.
- (61) As concerns the 'account of consumption and utilisation of duty-free imported/domestically procured goods' which an AAS licence-holder is legally obliged to maintain as Appendix 4H (see recital (57) above), the Commission found that the prescribed format for reporting consumption and use of duty-free imported or domestically procured goods is not designed to verify the physical incorporation of such inputs into exported products.

- (62) The GOI provided that customs authorities can audit the exporters to verify the information provided in Appendix 4H as foreseen by the Customs Audit Regulations ⁽²⁶⁾. However, the regulations merely stated that the selection of an auditee 'shall primarily be based on risk evaluation through appropriate selectivity criteria' and did not specify which documents should be requested during an audit nor how the information should be assessed in order to successfully complete the audit. The GOI did not provide the details of the risk evaluation criteria.
- (63) Furthermore, the GOI provided a sample verification report for a product other than PET, regarding the physical verification of inputs consumption under the AAS. However, as per this report, the exporting producer was not systematically tracing the physical incorporation of actual imports into the exported goods. The sample verification report failed to mention any systematic tracking systems, such as those referencing batch numbers or lot codes assigned to imported raw materials, ensuring these codes are recorded at each stage of production until the finished product is exported. It did not include the implementation of an Enterprise Resource Planning System or another digital tracking tool that logs the receipt of imported inputs and assigns them to specific production runs resulting in exported goods. Additionally, it lacked any reference to assigning serial numbers or barcodes to imported components and scanning them throughout the production process to track their use in final products that are later exported. Furthermore, as already mentioned, the sample verification report referred to another product than PET, therefore the Commission received no assurance or evidence supporting that the exporting producers of PET systematically traced the physical incorporation of actual imports into the exported goods.
- (64) Based on the above, the Commission found that the GOI lacked a reliable verification system to confirm whether, and to what extent, imported inputs were used in the production of exported PET.

3.2.4. *Financial contribution and benefit*

- (65) As provided in recital (43), the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated. However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could conclude that the GOI continued to provide subsidies within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation during the review investigation period. The exemption from import duties under this scheme is a financial contribution by the GOI, since it foregoes duty revenue which would otherwise be due and it confers a benefit upon the investigated exporters since it improves their liquidity. The amount of subsidy is the amount of duty that would have been payable by the recipient company at the standard applicable duty rate during the review investigation period.

3.2.5. *Specificity*

- (66) AAS is contingent in law upon export performance, and therefore deemed to be specific and countervailable under Article 4(4), first subparagraph, point (a) of the basic Regulation. Without an export commitment, a company cannot obtain benefits under this scheme.

3.2.6. *Conclusion on the AAS*

- (67) In line with previous investigations outlined in recital (45) and in view of the findings in the previous sections, the AAS cannot be considered a permissible duty drawback system or substitution drawback system in the case at hand within the meaning of Article 3(1)(a)(ii) and Annexes II and III of the basic Regulation. It does not conform to the rules laid down in Annex I item (i), Annex II (definition and rules for drawback) and Annex III (definition and rules for substitution drawback) of the basic Regulation. The GOI did not have a reliable verification system in place to confirm whether and in what amounts inputs were consumed in the production of the exported product (Annex II(4) of the basic Regulation and, in the case of substitution drawback schemes, Annex III(II)(2) of the basic Regulation).

⁽²⁶⁾ Notification No 45/2018-Customs (N.T.) dated 24 May 2018.

- (68) While the amount of subsidisation during the review investigation period could not be established due to the lack of exports to the Union by the cooperating producer, based on the findings referred in recitals (49) - (66), and absent any indication to the contrary, it could be concluded that Indian PET producers continued to be subsidised. Accordingly, the Commission concluded that there is sufficient evidence showing that Advance Authorisation Scheme as a countervailable subsidy continued during the review investigation period.

3.2.7. *Comments received*

- (69) Following definitive disclosure, the GOI challenged the Commission's conclusion that the AAS lacked an effective verification system. During the verification process, the GOI submitted multiple examples of 4H forms under AAS for PET producers, as well as an audit report for a product other than PET. These submissions, in the GOI's view, demonstrate that the Commission erred in its assessment and should have concluded that the AAS is not countervailable.
- (70) Furthermore, the GOI claimed that the Commission's findings lacked evidentiary support, as no tangible benefit for the PET exports to the EU was quantified during the RIP. In the GOI's view, without such quantification, the Commission's reliance on this basis to justify the continuation of anti-subsidy measures is untenable.
- (71) The Commission noted in recital (61) that the prescribed format for reporting consumption and use of duty-free imported or domestically procured goods is not designed to verify the physical incorporation of such inputs into exported products. While regarding the audit report provided by GOI as an example for a product other than PET, the Commission concluded in recital (63) that it failed to mention any systematic tracking systems applied by the exporter and it did not refer to PET, while the GOI was specifically requested to provide such evidence for PET.
- (72) As for the quantifiable benefit, the Commission already noted in recital (65) that in an expiry review it is not necessary to quantify the exact amount of subsidies received but only its continuation. Absent a reliable verification system in place to confirm whether and in what amounts inputs were consumed in the production of the exported product during the RIP, it can be reasonably concluded that, like in the context of the previous investigation, that subsidisation continues. The GOI's comments on AAS did not provide any new evidence concerning these claims were therefore rejected.

3.3. **Duty Drawback Scheme (DDS)**

- (73) The cooperating exporting producer confirmed obtaining concessions under DDS during the RIP.
- (74) This scheme has already been countervailed in a number of countervailing duty proceedings concerning India, including in recitals (92) to (116) of the graphite electrode systems regulation⁽²⁷⁾, in recitals (154) to (173) of the stainless steel cold-rolled flat products regulation⁽²⁸⁾, in recitals (103) to (132) of the spheroidal graphite cast iron regulation⁽²⁹⁾, in recitals (39) to (61) of the last expiry review regulation⁽³⁰⁾ and in recitals (61) to (76) of the stainless steel bars and rods regulation⁽³¹⁾.

⁽²⁷⁾ Implementing Regulation (EU) 2023/1103.

⁽²⁸⁾ Implementing Regulation (EU) 2022/433.

⁽²⁹⁾ Commission Implementing Regulation (EU) 2022/927 of 15 June 2022 imposing a definitive countervailing duty on imports of tubes and pipes of ductile cast iron (also known as spheroidal graphite cast iron) originating in India following an expiry review pursuant to Article 18 of Regulation (EU) 2016/1037 of the European Parliament and of the Council (OJ L 161, 16.6.2022, p. 28, ELI: http://data.europa.eu/eli/reg_impl/2022/927/oj).

⁽³⁰⁾ Implementing Regulation (EU) No 2019/1286.

⁽³¹⁾ Implementing Regulation (EU) 2017/1141.

3.3.1. *Legal basis*

- (75) The DDS scheme is based on Section 75 of the Customs Act of 1962, on Section 37 of the Central Excise Act of 1944, on Sections 93A and 94 of the Financial Act of 1994, and on the Customs, Central Excise Duties and Service Tax Drawback Rules of 1995. The drawback rates are published on a regular basis.
- (76) The legal basis applicable during the original investigation was the Custom & Central Excise Duties Drawback Rules 1995 ⁽³²⁾ ('the 1995 DDS Rules'), as amended in 2006. The 1995 DDS Rules were replaced by Customs and Central Excise Duties Drawback Rules, 2017 ('the 2017 DDS Rules') which entered into force on 1 October 2017 ⁽³³⁾ and were applicable during the RIP. Rule 3(2) of the 1995 DDS Rules governed the method of calculation of this duty drawback scheme. Rule 12(1)(a)(ii) of the said DDS Rules governed the Declaration that the exporting producers need to file in order to benefit from the scheme. These provisions have remained substantively identical in the currently applicable 2017 DDS Rules and correspond to Rule 3(2) and Rule 13(1)(a)(ii) respectively. In addition, Circular No 24/2001 contains specific instructions how to implement the Rule 3(2) and the Declaration that exporters need to produce under the Rule 12(1)(a)(ii) ⁽³⁴⁾.
- (77) The Rule 4 of the 1995 DDS Rules stipulates that the Central Government may revise amount or rates determined under the Rule 3(2). The Government has made a number of such modifications. Notification No 07/2020-CUSTOMS (N.T.) of 28th January, 2020 ⁽³⁵⁾ revised the rate for the product under review applicable during the review investigation period to 1,3 % of the Free On Board (FOB) value of the exported products, which was applicable till 29 October 2023. Notification No 77/2023 of 30 October 2023 ⁽³⁶⁾ revised the rate to 1,2 %.

3.3.2. *Eligibility*

- (78) Any manufacturer-exporter or merchant-exporter is eligible for this scheme.

3.3.3. *Practical implementation*

- (79) Under this scheme, any company exporting eligible products is entitled to receive an amount corresponding to a percentage of the declared FOB value of the exported product. According to Rule 3(2) of Custom & Central Excise Duties Drawback Rules, the GOI bases the refundable amount on industry-wide average values of relevant customs duties paid on imported raw materials and an average industry consumption ratio collected from what the GOI considers as being representative manufacturers of the eligible export products. The GOI then expresses the amount to be refunded as a percentage of the average export value of the eligible exported products.
- (80) In order to be eligible to benefit from this scheme, a company must export. At the moment when shipment details are entered in the Customs server (ICEGATE), it is indicated that the export is taking place under the DDS and the DDS amount is fixed irrevocably. After the shipping company has filed the Export General Manifest and the customs office has satisfactorily compared that document with the shipping bill data, all conditions are fulfilled to authorise the payment of the drawback amount by either direct payment on the exporter's bank account or by draft.
- (81) The exporter also has to produce evidence of realisation of export proceeds by means of a Bank Realisation Certificate ('BRC'). This document can be provided after the drawback amount has been paid but the GOI will recover the paid amount if the exporter fails to submit the BRC within a given deadline.

⁽³²⁾ <https://indiankanoon.org/doc/58643989/> (or submission of GOI t24.007820 on 14.9.2024).

⁽³³⁾ <https://taxguru.in/custom-duty/customs-central-excise-duties-drawback-rules-2017-882017-customs-tariff-2.html> (or submission of GOI t24.007820 on 14.9.2024).

⁽³⁴⁾ <https://taxinformation.cbic.gov.in/view-pdf/1001268/ENG/Circulars> (or submission of GOI t24.007820 on 14.9.2024).

⁽³⁵⁾ <https://taxinformation.cbic.gov.in/view-pdf/1000233/ENG/Notifications> (or submission of GOI t24.010097 on 14.11.2024, p. 48).

⁽³⁶⁾ Submission of GOI t25.001630 on 31.1.2025.

- (82) The drawback amount can be used for any purpose and, in accordance with Indian accounting standards, the amount can be booked on an accrual basis as income in the commercial accounts, upon fulfilment of the export obligation.
- (83) The relevant legislation and administrative instructions stipulate that the Indian customs administration should require no evidence that the exporter requesting the duty drawback must have incurred or will incur a customs duty liability for imports of the raw materials needed for the manufacture of the exported product. In addition, there is no system or procedure in place to confirm which inputs are consumed in the production of the exported products and in what amounts. In addition, the GOI did not carry out a further examination based on actual inputs involved.

3.3.4. *Financial contribution and benefit*

- (84) As provided in recital (43), the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated. However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could conclude that the GOI continued to provide subsidies within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation during the review investigation period. The duty drawback amount is a financial contribution by the GOI as it takes form of a direct transfer of funds by the GOI. There are no restrictions as to the use of these funds. In addition, the duty drawback amount confers a benefit upon the exporter, because it improves its liquidity. The amount of subsidy is the amount of duty drawback that would have been payable by the recipient company at the standard applicable duty rate during the review investigation period.

3.3.5. *Specificity*

- (85) Consequently, the payment which takes form of a direct transfer of funds by the GOI subsequent to exports made by exporters is contingent upon export performance and therefore this scheme is deemed to be specific and countervailable under Article 4(4)(a) of the basic Regulation.

3.3.6. *Conclusion on DDS*

- (86) The rate of duty drawback for exports is determined by the GOI on a product-by-product basis. However, although the subsidy is referred to as a duty drawback, the scheme does not have all the characteristics of a permissible duty drawback system or substitution drawback system within the meaning of Article 3(1)(a)(ii) of the basic Regulation; nor does the scheme conform to the rules laid down in Annex I item (I), Annex II (definition and rules for drawback) and Annex III (definition and rules for substitution drawback) of the basic Regulation. The cash payment to the exporter is not necessarily linked to actual payments of import duties on raw materials and is not a duty credit to offset import duties on past or future imports of raw materials. In addition, there is no system or procedure in place to confirm which inputs are consumed in the production of the exported products and in what amounts. In addition, the GOI does not appear to carry out a further examination based on actual inputs involved, although this would need to be carried out in the absence of an effectively applied verification system (Annex II(5) and Annex III(II)(3) to the basic Regulation). No evidence was provided of the existence of a link between the drawback rates and duties paid on raw materials.
- (87) In line with previous investigations outlined in recital (74) and based on the findings referred in recitals (78) - (85), and absent any indication to the contrary, it could be concluded that Indian PET producers continued to be subsidised.

3.3.7. *Comments received*

- (88) Following definitive disclosure, the GOI contested the Commission's conclusion regarding the verification system and asserted that the DDS is not a countervailable subsidy. The GOI emphasised that a robust verification framework existed under the Customs, Central Excise & Service Tax Drawback Rules, 1995 (amended in 2006) and the Customs Manual of 2015, including mandatory audits, field inspections, and cross-verification of input data. These mechanisms, the GOI argued, ensure that drawback payments do not exceed duties/taxes paid on inputs used in exported goods, in line with WTO guidelines. Specifically, the GOI cited the WTO panel report in *DS 486 on Countervailing Measures on Certain Polyethylene Terephthalate from Pakistan* ⁽³⁷⁾, which clarified that duty drawback schemes are non-countervailable under the Agreement on Subsidies and Countervailing Measures ('ASCM') if they include safeguards to prevent excess remissions. Thus, in the GOI's view the DDS does not meet the criteria for countervailability.
- (89) Furthermore, the GOI claimed that the Commission's findings lacked evidentiary support, as no tangible benefit for the PET exports to the EU was quantified during the RIP. In the GOI's view, without such quantification, the Commission's reliance on this basis to justify the continuation of anti-subsidy measures is untenable.
- (90) The Commission noted that the GOI did not submit new evidence as regards the verification system to call into question the Commission's conclusions. Those findings (that the DDS is a countervailable subsidies and that its verification system is ineffective) are in line with the factual conclusions also reached in previous investigations outlined in recital (74). Regarding quantifiable benefits, in recital (84) the Commission clarified that in an expiry review, it is not necessary to quantify the exact subsidy amounts received. Absent a reliable verification system in place to confirm whether and in what amounts inputs were consumed in the production of the exported product during the RIP, it can be reasonably concluded that, like in the context of the previous investigation, that subsidisation continues. Consequently, the GOI's claims regarding the DDS were rejected.

3.4. **Export Promotion Capital Goods Scheme (EPCGS)**

- (91) This scheme has already been countervailed in a number of countervailing duty proceedings concerning India, including in recitals (79) to (90) of the graphite electrode systems regulation ⁽³⁸⁾, in recitals (174) to (189) of the stainless steel cold-rolled flat products regulation ⁽³⁹⁾, in recitals (82) to (93) of the last expiry review regulation and in recitals (86) to (102) of the spheroidal graphite cast iron regulation ⁽⁴⁰⁾.

3.4.1. *Legal basis*

- (92) The detailed description of EPCG scheme is contained in Chapter 5 of the FTP 2023 as well as in Chapter 5 of HOP 2023.

3.4.2. *Eligibility*

- (93) Manufacturer-exporters, merchant-exporters 'tied to' supporting manufacturers and service providers are eligible for this measure.

⁽³⁷⁾ https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds486_e.htm.

⁽³⁸⁾ Implementing Regulation (EU) 2023/1103.

⁽³⁹⁾ Implementing Regulation (EU) 2022/433.

⁽⁴⁰⁾ Implementing Regulation (EU) 2022/927.

3.4.3. *Practical implementation*

- (94) Under the condition of an export obligation, a company is allowed to import capital goods (new and second-hand capital goods up to 10 years old) at a reduced duty rate. To this end, the GOI issues, upon application and payment of a fee, an EPCGS licence. The scheme provides for a reduced import duty rate applicable to all capital goods imported under the scheme. In order to meet the export obligation, the imported capital goods must be used to produce a certain amount of goods deemed for export during a certain period. Under the FTP 2023 the capital goods can be imported with a 0 % duty rate under the EPCGS. The export obligation which amounts to six times the duty saved must be fulfilled within a period of maximum six years.
- (95) The EPCGS licence holder can also source the capital goods indigenously. In such case, the indigenous manufacturer of capital goods may avail itself of the benefit for duty free import of components required to manufacture such capital goods. Alternatively, the indigenous manufacturer can claim the benefit of deemed export in respect of supply of capital goods to an EPCGS licence holder.

3.4.4. *Financial contribution and benefit*

- (96) The Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated. However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could conclude that the GOI continued to provide subsidies within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation during the review investigation period. The duty reduction constitutes a financial contribution by the GOI since this concession decreases the GOI's duty revenue which would be otherwise due. In addition, it confers a benefit upon the exporter equal to the amount of the duty reduction. The amount of subsidy is the difference between the amount of duty actually paid by the recipient company during the review investigation period and the amount that would have been paid at the normal duty rate.

3.4.5. *Specificity*

- (97) EPCGS is contingent in law upon export performance, since such licences cannot be obtained without a commitment to export. Therefore, it is deemed to be specific and countervailable under Article 4(4), first subparagraph, point (a) of the basic Regulation.

3.4.6. *Conclusion on EPCGS*

- (98) EPCGS cannot be considered a permissible duty drawback system or substitution drawback system within the meaning of Article 3(1)(a)(ii) of the basic Regulation. Capital goods are not covered by the scope of such permissible systems, as set out in Annex I point (i), of the basic Regulation, because they are not consumed in the production of the exported products.
- (99) The Commission had no company-specific information on the basis of which to calculate the amount of subsidy conferred during the review investigation period. Although the amount of subsidisation could not be precisely established, based on the request and in the absence of any other information on the file indicating the contrary, the EPCGS conferred a benefit within the meaning of Article 6(a) of the basic Regulation. Therefore, and in line with previous investigations outlined in recital (91), the Commission concluded that this subsidy continues to be considered countervailable.

3.4.7. *Comments received*

- (100) Following definitive disclosure, the GOI submitted that the EPCGS allows duty-free import of capital goods to enhance manufacturing competitiveness. The GOI argued that these benefits are not countervailable under the ASCM, citing Annex I(h), (i) and Annex II, which permit duty exemptions/remissions on inputs used in exports. Only excess exemptions (beyond duties paid on consumed inputs) would constitute subsidies. The GOI rejected the Commission's conclusion, as inconsistent with WTO law and lacking evidentiary support.

(101) The Commission noted that the GOI did not submit new evidence as regards the scheme to call into question the Commission's conclusions. The Commission's findings are in line with the factual conclusions also reached in previous investigations outlined in recital (91). Therefore, the GOI's claims regarding the EPCGS were rejected.

3.5. Gujarat Electricity Duty Exemption Scheme (GEDES)

(102) The GEDES scheme is based on Gujarat Electricity Duty Act, 1958 ⁽⁴¹⁾ ('Electricity Act') under Section 3(2)(vii) and (viii), as last amended in Gujarat Government Gazette in March 2020 ⁽⁴²⁾.

(103) The State Government of Gujarat has an electricity duty exemption scheme, which is administered under the authority of the Gujarat Electricity Duty Act, 1958. The programme exempts certain eligible enterprises that establish an additional production facility in the State of Gujarat from the payment of electricity duty for a set period of time.

(104) In the last expiry review Regulation, the Commission found that one company benefitted from this scheme during the RIP. Moreover, the applicant recalled that one of the Indian PET producers, Senpet Polymers LLP, is established in Gujarat, so it is likely it has benefitted from this subsidy programme.

(105) In view of the lack of cooperation, from any producer established in Gujarat, and any other evidence provided from the GOI, the Commission concluded that this subsidy continues to be countervailable on the basis of the uncontested findings in the original investigation and absent any evidence showing a change in the situation.

3.5.1. Comments received

(106) Following definitive disclosure, the GOI submitted that the GEDES scheme is a non-specific industrial development program aimed at broader economic growth, not an export subsidy. Its objective is to support general industrial development, not to incentivise exports. The GOI argued that the Commission has previously recognised the benefit under GEDES as negligible, further undermining its relevance. In the GOI's view, relying on this scheme to justify the continuation of countervailing duties is legally and factually baseless.

(107) The Commission noted that the GOI did not submit new evidence as regards the scheme to call into question the Commission's conclusions. The factual conclusions regarding GEDES, originally reached in the initial investigation, were upheld in the absence of any evidence demonstrating a change in circumstances. Therefore, the GOI's claims regarding the GEDES were rejected.

3.6. Additional schemes alleged in the review request

(108) RoDTEP scheme replaced the Merchandise Exports from India Scheme (MEIS), which expired on 1 January 2021, but was originally investigated and confirmed in the last expiry review ⁽⁴³⁾.

(109) The RoDTEP scheme is based on the Foreign Trade (Development and Regulation) Act 1992 (No 22 of 1992) which entered into force on 7 August 1992 ('Foreign Trade Act'). The Foreign Trade Act authorises the GOI to issue notifications regarding the export and import policy. These are summarised in 'Foreign Trade Policy' documents, which are issued by the Ministry of Commerce every five years and updated regularly ⁽⁴⁴⁾.

⁽⁴¹⁾ <https://www.indiacode.nic.in/bitstream/123456789/4362/1/gujaratelectricitydutyact.pdf>.

⁽⁴²⁾ Submission of GOI t25.001630 of 31.1.2025.

⁽⁴³⁾ Implementing Regulation (EU) No 2019/1286, recitals (104) – (105).

⁽⁴⁴⁾ <https://www.dgft.gov.in/CP/?opt=ft-policy>.

- (110) The Foreign Trade Policy document relevant for the review investigation period is Foreign Trade Policy FTP 2023. It entered into force on from 1 April 2023. The GOI also sets out the procedures governing FTP in a Handbook of Procedures ⁽⁴⁵⁾ ('HOP') 2023. The latter entered into force on 1 April 2023. RoDTEP is based on the FTP 2023 as well as HOP 2023.

3.7. Scheme for Remission of Duties and Taxes on Exported Goods (RoDTEP)

- (111) One cooperating exporting producer confirmed obtaining concessions under RoDTEP scheme during the review investigation period. However, as it did not export to the Union during this review investigation period, the benefit was not quantified.

- (112) This scheme has already been countervailed in recitals (118) to (132) of the graphite electrode systems regulation ⁽⁴⁶⁾.

3.7.1. Legal basis

- (113) The detailed description of RoDTEP is contained in Chapter 4 of FTP 2023 as well as HOP 2023. It can also be found in the Notification No 19/2015-20 dated August 17, 2021 ⁽⁴⁷⁾ introducing RoDTEP into the FTP 2015-2020, which was valid until FTP 2023 came into force ⁽⁴⁸⁾.

3.7.2. Eligibility

- (114) Any manufacturer-exporter or merchant-exporter is eligible for this scheme.

3.7.3. Practical implementation

- (115) Eligible companies can benefit from RoDTEP by exporting products, which are not excluded according to the list of Section 4.55 of FTP 2023 as Ineligible Supplies/Items/Categories under the Scheme. According to this list, PET was not excluded.

- (116) As indicated in Section 4.54 of the FOP 2023, the objective of the scheme is to refund any yet unrefunded duties, taxes, or levies, including prior stage cumulative indirect taxes, on goods and services used in production of the exported product.

- (117) Under the Scheme a rebate is granted at a notified percentage of FOB value with an FOB value cap per unit of the exported product. The RoDTEP rate for PET was set at 1,4 % of the value of exports ⁽⁴⁹⁾ and reduced to 1,3 % from 1 October 2023.

- (118) The Scheme is implemented by issuance of rebate amount in form of a transferable duty credit/electronic scrip (e-scrip), which is maintained in an electronic ledger by the Central Board of Indirect Taxes & Customs (CBIC).

- (119) The e-scrips can be used for payment of custom duties on imports of inputs or goods including capital goods under the First Schedule to the Customs Tariff Act, 1975 viz. Basic Customs Duty.

⁽⁴⁵⁾ <https://www.dgft.gov.in/CP/?opt=ft-procedures>.

⁽⁴⁶⁾ Implementing Regulation (EU) 2023/1103.

⁽⁴⁷⁾ <https://content.dgft.gov.in/Website/dgftprod/ee052ba4-d026-4e3b-a100-20fdd0daeba2/Notification%20No.%2019%20English.pdf> or submission of GOI t24.007820 on 14.9.2024.

⁽⁴⁸⁾ <https://www.dgft.gov.in/CP/>.

⁽⁴⁹⁾ Notification No 55 with effect from 15.2.2023, submission of GOI t24.007820 on 14.9.2024.

(120) Public Notice ⁽⁵⁰⁾, applicable to records for 2023-2024, defines the procedure and format for the exporters to maintain records to substantiate their claims, such as those related to exported PET and inputs used (Appendix 4RR – format for submitting data under Annual RoDTEP Return). According to the notice, the requirements will apply after March 2025. As concerns the Appendix 4RR, the Commission found that the prescribed format for reporting consumption and use of unrefunded duties, taxes, or levies is not designed to verify the physical incorporation of such inputs into exported products. Thus, based on the evidence provided, in the review investigation period the GOI did not effectively apply a verification system or a procedure to confirm whether and in what amounts inputs were consumed in the production of the exported product during the review investigation period, thus ensuring that the amount of remitted duties or taxes is not in excess of those which have been accrued.

3.7.4. *Financial contribution and benefit*

(121) As provided in recital (111), the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated. However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the Commission could conclude that the GOI continued to provide subsidies within the meaning of Article 3(1)(a)(ii) and Article 3(2) of the basic Regulation during the review investigation period. RoDTEP duty credit is a financial contribution by the GOI, since the credit will eventually be used to offset import duties paid on capital goods, thus decreasing the GOI's duty revenue which would be otherwise due. In addition, RoDTEP duty credit confers a benefit upon the exporter who is not subject to the payment of those import duties. The amount of subsidy is the amount of duty that would have been payable by the recipient company at the standard applicable duty rate during the review investigation period.

3.7.5. *Specificity*

(122) RoDTEP is contingent in law upon export performance, and therefore deemed to be specific and countervailable under Article 4(4), first subparagraph, point (a) of the basic Regulation.

3.7.6. *Conclusion on RoDTEP*

(123) This scheme cannot be considered a permissible duty drawback system or substitution drawback system within the meaning of Article 3(1)(a)(ii) of the basic Regulation. It does not conform to the strict rules laid down in Annex I points (h) and (i), Annex II (definition and rules for drawback) and Annex III (definition and rules for substitution drawback) of the basic Regulation. An exporter is under no obligation to actually consume any goods imported free of duty in the production process and the amount of credit is not calculated in relation to actual inputs used. As outlined in recital (120) above, there was no system or procedure in place during the review investigation period or after that period to confirm which inputs are consumed in the production process of the exported product or whether an excess payment of import duties or other indirect taxes occurred within the meaning of points (i) and (h), respectively, of Annex I and Annexes II and III of the basic Regulation. Moreover, it appears that no further examination by the GOI was conducted on the basis of actual inputs and transactions in order to determine whether an excess payment occurred.

(124) While the amount of subsidisation during the review investigation period could not be established due to the lack of exports to the Union, based on the findings referred in recitals (115) - (123), and absent any indication to the contrary, it could be concluded that Indian PET producers continued to be subsidised. Accordingly, and in line with previous investigation outlined in recital (112), the Commission concluded that Remission of Duties and Taxes on Exported Goods Scheme is a countervailable subsidy which continued during the review investigation period.

⁽⁵⁰⁾ Public Notice 27/2024-25, dated 23 October 2024, applicable to records for 2023-2024.

3.7.7. *Comments received*

- (125) Following definitive disclosure, the GOI reiterated that RoDTEP is a non-specific, transparent tax neutrality scheme, not an export subsidy, that refunds embedded indirect taxes on all exporters via the e-scrip system. The GOI claimed that it aligns with WTO law (ASCM Article 1.1(a)(ii)), as such tax refund schemes are not subsidies. The GOI emphasised that RoDTEP does not provide a net financial benefit but merely recoups taxes paid, ensuring competitiveness. During the verification process, the GOI submitted an audit example confirming that claimed RoDTEP refunds did not exceed actual taxes incurred. In the GOI's view, therefore, the Commission's conclusion is legally flawed, ignoring RoDTEP's compliance with permissible practices under the ASCM.
- (126) The Commission noted that the GOI did not submit new evidence as regards the scheme to call into question the Commission's conclusions. The Commission's findings are in line with the factual conclusions also reached in previous investigations outlined in recital (112). The Commission already noted in recital (120) that based on the evidence provided, the GOI did not effectively apply a verification system or a procedure to confirm whether and in what amounts inputs were consumed in the production of the exported product during the review investigation period, thus ensuring that the amount of remitted duties or taxes is not in excess of those which have been accrued. Therefore, the GOI's claims regarding the RoDTEP were rejected.

3.8. **Duty Free Import Authorisation Scheme (DFIA)**

3.8.1. *Legal basis*

- (127) The detailed description of the scheme is contained in paragraphs 4.24 to 4.29 of the FTP 2023 and Chapters 4.52 to 4.56 of the HOP 2023.

3.8.2. *Eligibility*

- (128) The eligibility criteria for this scheme include:

- Duty Free Import Authorisation shall be issued on post export basis for products for which Standard Input Output Norms have been notified.
- The applicant must be a merchant exporter who mentions the name and address of the supporting manufacturer on export documents.
- An application must be filed with the concerned Regional Authority before effecting export.
- The input for which duty-free import authorization is sought should not be subject to preimport conditions, 'Actual User' condition as per SION, or pre-import conditions as per Appendix-4J.

- (129) For exports that benefit from AAS, a company cannot claim benefits under DFIA at the same time.

- (130) In the current review, the Commission inquired whether the GOI had in place and applied an effective verification system or procedure to confirm which inputs were consumed in the production of the exported product and in what amount.

- (131) As explained by the GOI, the verification process was similar to that of the Advance Authorization Scheme; however, it could not provide any verification report regarding the physical verification of inputs consumption under the DFIA. Based on the lack of evidence, the Commission concluded that the GOI did not have a reliable verification system to confirm whether, and to what extent, imported inputs were used in the production of exported PET.

3.8.3. *Financial contribution and benefit*

- (132) In the absence of cooperation from the Indian producers, the Commission had no company-specific information on which the amount of subsidy received during the review investigation period could be calculated. However, in an expiry review it is not necessary to quantify the exact amount of subsidies received. Based on the evidence available, the exemption from import duties under this scheme is a subsidy within the meaning of Article 3(1)(a)(ii) and

Article 3(2) of the basic Regulation to exporting manufacturers equal to the amount of revenue foregone by the government and therefore to the amount of duties not collected: 100 % of the Basic Customs Duty on inputs not paid by the exporter. It constitutes a financial contribution of the GOI since it foregoes duty revenue which would otherwise be due and it confers a benefit upon the investigated exporters since it improves their liquidity. The amount of subsidy is the amount of duty amount that would have been payable by the recipient company at the standard applicable duty rate during the review investigation period.

3.8.4. *Specificity*

(133) The subsidy is deemed to be specific according to Article 4(4)(a) of the basic Regulation as it is contingent upon export performance (Annex I, letter (i) of the basic Regulation).

3.8.5. *Conclusion on DFIA*

(134) The DFIA scheme is a financial contribution by a government, namely a government revenue that is otherwise due being forgone or not collected (Article 3(1)(a)(ii) of the basic Regulation). This subsidy confers a benefit in the sense of Article 3(1)(a)(ii) and 3(2) of the AS Basic Regulation to exporting manufacturers equal to the amount of revenue foregone by the government and therefore to the amount of duties not collected: 100 % of the Basic Customs Duty on inputs not paid by the exporter. The subsidy is deemed to be specific according to Article 4(4)(a) of the basic Regulation as it is contingent upon export performance.

(135) While the amount of subsidisation during the review investigation period could not be established due to the lack of exports to the Union, based on the findings referred in recitals (128) - (133), and absent any indication to the contrary, it could be concluded that Indian PET producers continued to be subsidised. Accordingly, the Commission concluded that the Duty Free Import Authorisation Scheme is a countervailable subsidy during the review investigation period.

3.8.6. *Comments received*

(136) Following definitive disclosure, the GOI asserted that the DFIA scheme merely refunds taxes paid, conferring no net benefit, and the Commission's claim of specificity is unfounded due to lack of evidence (e.g. no Indian exports under the scheme). The GOI argued that the Commission's conclusion is legally incorrect, ignoring the ASCM's permissible nature of such tax refund mechanisms.

(137) The Commission noted that the GOI did not submit new evidence as regards the scheme to call into question the Commission's conclusions. Therefore, the GOI's claims regarding the DFIA were rejected.

3.9. Interest Equalisation Scheme (IES)

(138) The Reserve bank of India ('RBI') announced the 'Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit' in Master Circular DBR.Dir.BC.No.62/04.02.001/2015-16 dated 4 December 2015 ⁽⁵¹⁾. The IES was originally set to expire in September 2021. It was extended several times, with last extension by trade notice No 18/2024-2025 ⁽⁵²⁾ till the end of 2024, after which it expired. While the Commission does not take a position as to the countervailability of the alleged scheme, it was not investigated further for the purpose of the current review.

3.10. Conclusion on the continuation of subsidisation

(139) In the light of the above, the Commission concluded that PET producers in India continued to benefit from countervailable subsidies under, at least, five schemes during the review investigation period. The investigation did not reveal any indication that the level of subsidisation has substantially decreased as compared to the last expiry review investigation. The evidence in the review request and provided by the cooperating Indian producer rather confirmed that the benefits under those subsidies would remain.

3.11. Conclusions on the likelihood of a continuation of subsidisation

(140) In accordance with Article 18(2) of the basic Regulation, it was examined whether the expiry of the measures in force would be likely to lead to a continuation of subsidisation.

(141) As set out in recitals (46) - (135), it was established that during the review investigation period Indian exporters of the product under review continued to benefit from countervailable subsidisation by the Indian authorities and there was no indication that these benefits would be phased out in the foreseeable future. Moreover, exporters can benefit of more than one subsidy.

(142) Furthermore, the analysis of production volume and spare capacity in India, export volumes and prices from India to the other third country markets, existing measures in the other third countries, and attractiveness of the Union market (see in recitals (191) - (200)) also shows that it is likely that the subsidised exports would substantially increase their presence in the Union market should the current measures be allowed to lapse.

(143) In view of the above, in accordance with Article 18(3) of the basic Regulation, the Commission concluded that there was a likelihood of continuation of subsidisation should the measures in force be allowed to lapse.

4. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF INJURY

4.1. Definition of the Union industry and Union production

(144) During the review investigation period, the like product was manufactured by forty-one Union producers. These Union producers constitute the 'Union industry' within the meaning of Articles 9(1) and 10(6) of the basic Regulation. Out of these producers, ten companies are represented by the applicant. As described in recital (24), two Union producers were sampled and the sample accounts for more than 30 % of the estimated total volume of production and sales of the like product in the Union.

⁽⁵¹⁾ <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=10159&Mode=0> (last accessed 19.11.2024) or submission of GOI t24.010097 on 14.11.2024.

⁽⁵²⁾ Submission by GOI t25.001630 of 31.1.2025.

4.2. Union consumption

(145) The Commission established the Union consumption by adding:

- (i) the sales of the sampled Union producers, obtained after verification of the questionnaire replies;
- (ii) the sales of non-sampled cooperating and other Union producers, obtained from the applicant on the basis of Wood Mackenzie industry expert data;
- (iii) the imports from the country concerned and from all other third countries, based on Eurostat.

(146) On this basis, Union consumption developed as follows:

Table 1

Union consumption

	2020	2021	2022	2023	RIP
Union consumption (tonnes)	4 346 218	4 070 258	4 360 918	3 975 162	3 846 943
Index (2020=100)	100	94	100	91	89

Source: questionnaire replies of sampled Union producers, review request, information provided by the applicant, Eurostat.

(147) On this basis, Union consumption decreased by 11 % over the period considered.

(148) The Commission also found that around 2-3 % of the total Union producers' production (not reflected in the Union consumption and other economic indicators outlined in this Regulation) was destined for captive use in the period considered.

4.3. Imports from India

4.3.1. Volume and market share

(149) The import volumes from India were based on Eurostat statistics as well as on the basis of data recorded in the 14(6) database ⁽³³⁾. The Commission established the market share of the imports on the basis of the Union consumption as set out in recital (145).

Table 2

Import volume and market share (*)

		2020	2021	2022	2023	RIP
India	Import volume (tonnes)	[122 000 – 126 000]	[90 000 – 95 000]	[95 000 – 100 000]	[1 500 – 2 500]	[1 500 – 2 500]
	Index (2020=100)	100	74	78	2	2
	Market share (%)	2,87	2,27	2,24	0,06	0,05

Source: Eurostat, 14(6) database.

(*) Excluding imports of PET from Futura Polyesters Ltd, which are not covered by the countervailing measures.

⁽³³⁾ Monthly import statistics based on actual data provided by customs authorities in Member States under Article 14(6) of the basic Regulation.

(150) The suspension of the Generalised System of Preferences (GSP) in India for PET from 2023, coupled with the renewal of countervailing duties essentially stopped the flow of imports from India. More specifically, the Indian imports decreased during the period considered from over [122 000 – 126 000] tonnes at the beginning of the period considered to a mere [1 500 – 2 500] tonnes in the review investigation period, representing less than 0,1 % of the market share in the Union. The assessment of import volumes from India excludes imports of Futura Polyesters Ltd (exempt from the measures), whose imports in particular in 2023 and in the RIP were in any event negligible.

4.3.2. *Prices of the imports from the country concerned*

(151) The very few sales of the product under review from India to the Union during the review investigation period could not be used to draw any meaningful conclusion.

4.3.3. *Imports from other third countries*

(152) The import volume and average import price for all other third countries was based on Eurostat statistics. The Commission established the market share of the imports on the basis of the Union consumption as set out in recital (146).

Table 3

Import volume and market share – all other third countries

		2020	2021	2022	2023	RIP
All other third countries	Import volume (tonnes)	807 660	659 672	1 027 563	1 255 423	1 156 366
	<i>Index</i>	100	82	127	155	143
	Market share (%)	19	16	24	32	30
	Average price (EUR/tonne)	772	944	1 406	1 080	1 023
	<i>Index</i>	100	122	182	140	132
Vietnam	Import volume (tonnes)	92 359	91 709	156 729	278 180	359 575
	Market share (%)	2	2	4	7	9
	<i>Index</i>	100	99	170	301	389
	Average price (EUR/tonne)	732	940	1 426	1 022	986
	<i>Index</i>	100	128	195	140	135
Türkiye	Import volume (tonnes)	124 883	160 162	173 613	214 650	257 022
	<i>Index</i>	100	128	139	172	206
	Market share (%)	3	4	4	5	7
	Average price (EUR/tonne)	787	940	1 441	1 111	1 055
	<i>Index</i>	100	119	183	141	134

		2020	2021	2022	2023	RIP
Egypt	Import volume (tonnes)	81 942	70 786	172 913	207 161	204 264
	<i>Index</i>	100	86	211	253	249
	Market share (%)	2	2	4	5	5
	Average price (EUR/tonne)	794	1 020	1 474	1 052	1 013
	<i>Index</i>	100	128	185	132	128
Other third countries	Import volume (tonnes)	508 476	337 016	524 307	555 433	335 505
	Market share (%)	12	8	12	14	9
	Average price (EUR/tonne)	772	931	1 365	1 109	1 044

(153) The volume of imports from all other third countries increased by 11 % between 2020 and the review investigation period, from 807 660 tonnes in 2020 to 1 156 366 tonnes in the review investigation period. The market share of imports from all other third countries remained within the range 16 % – 32 % during the period considered. The average price of imports from all other third countries increased by 32 % during the period considered.

(154) Most imports came from Vietnam (9,3 % market share in the review investigation period), Türkiye (6,7 % market share in the review investigation period) and Egypt (5,3 % market share in the review investigation period). Import volumes from each of the three importers increased significantly over the period considered. Their prices were oscillating around those of the Union industry over the period considered.

(155) Finally, the import volumes of the remaining third countries (other than India, Vietnam, Türkiye and Egypt) decreased considerably by 34 % between 2020 and the review investigation period. Their market share decreased by 3 percentage points over the period considered, from 11,7 % in 2020 to 8,7 % in the review investigation period. Import prices from these countries were on average higher than import prices from India over the period 2020-2022, when the Indian import quantities were still representative.

4.4. Economic situation of the Union industry

4.4.1. General remarks

(156) In accordance with Article 8(4) of the basic Regulation, the Commission examined all relevant economic factors and indices having a bearing on the state of the Union industry during the period considered.

(157) As mentioned in recital (24), sampling was applied for the determination of possible injury suffered by the Union industry.

(158) For the injury determination, the Commission distinguished between macroeconomic and microeconomic injury indicators. The Commission assessed macroeconomic indicators relating to the whole Union industry on the basis of data obtained from the applicant, cross-checked with the information provided by a number of Union producers at pre-initiation stage and the verified questionnaire replies of the sampled Union producers. The Commission assessed the microeconomic indicators on the basis of the data contained in the questionnaire replies from the sampled Union producers, which were verified. Both sets of data were found representative of the economic situation of the Union industry.

(159) The macroeconomic indicators are: production, production capacity, capacity utilisation, sales volume, market share, growth, employment, productivity, magnitude of the subsidy rates, and recovery from past subsidisation.

(160) The microeconomic indicators are: average unit prices, unit cost, labour costs, closing stocks, profitability, cash flow, investments, return on investments and ability to raise capital.

4.4.2. *Macroeconomic indicators*

(a) ***Production, production capacity and capacity utilisation***

(161) The total Union production, production capacity and capacity utilisation developed as follows over the period considered:

Table 4

Production, production capacity and capacity utilisation of Union producers

	2020	2021	2022	2023	RIP
Production volume (tonnes)	3 323 632	3 367 963	3 250 341	2 668 477	2 665 170
<i>Index (2020=100)</i>	100	101	98	80	80
Production capacity (tonnes)	3 879 892	3 956 555	4 043 716	4 079 010	4 039 787
<i>Index (2020=100)</i>	100	102	104	105	104
Capacity utilisation (%)	86	85	80	65	66

Source: information provided by the applicant, verified questionnaire replies of the sampled Union producers.

(162) The production volume slightly increased from 2020 to 2021 to then decrease below 2020 levels in 2022 and drop even more significantly (by 20 % compared to 2020) in the review investigation period.

(163) The production capacity was relatively stable across the period considered, overall increasing by 4 %.

(164) Since the production volume decreased during the period considered, while the capacity slightly increased, the capacity utilisation dropped by 20 percentage points during the period considered.

(b) **Sales volume and market share**

(165) The Union industry's sales volume and market share developed as follows over the period considered:

Table 5

Sales volume and market share of Union producers

	2020	2021	2022	2023	RIP
Sales volume in the Union (tonnes)	3 411 954	3 289 452	3 211 733	2 716 543	2 687 928
Index (2020=100)	100	96	94	80	79
Market share (%)	78,5	80,8	73,6	68,3	69,9

Source: information provided by the applicant, verified questionnaire replies of the sampled Union producers.

(166) The total sales of the Union industry in the Union market decreased continuously over the period considered, dropping by 21 % between 2020 and the review investigation period. Overall, the decrease in Union sales was in line with the declining Union consumption, although the Union sales decreased at a steeper rate compared to the consumption (-11 %) over the same period. The Union industry's market share correspondingly decreased by 8,6 percentage points over the period considered.

(c) **Growth**

(167) Between 2020 and the review investigation period, the Union consumption decreased by 11 %. The sales volume of the Union industry decreased by 21 % which translated into a loss in market share of 8,6 percentage points.

(d) **Employment and productivity**

(168) The employment and productivity developed as follows over the period considered:

Table 6

Employment and productivity of Union producers

	2020	2021	2022	2023	RIP
Number of employees	1 629	1 683	1 767	1 766	1 787
Index (2020=100)	100	103	109	108	110
Productivity (tonnes/employee)	2 040	2 001	1 839	1 511	1 492
Index (2020=100)	100	98	90	74	73

Source: information provided by the applicant, verified questionnaire replies of the sampled Union producers.

(169) The employment of the Union industry increased by 10 % during the period considered.

(170) Due to the decrease in production (decrease of 20 %) accompanied by the increase in employment, the productivity decreased by 27 % over the same period.

(e) **Magnitude of the subsidy margin and recovery from past subsidisation**

(171) As concluded in the recital (151), the Indian export sales to the Union were not considered representative of the price and the quantities.

(172) Relieved from the pressure of subsidised imports from India, the Union industry managed to respond to the challenges posed by the demand decline and high cost of production. However, the industry is still vulnerable, as evidenced by the very low profit levels and the low level of demand in the review investigation period.

4.4.3. **Microeconomic indicators** ⁽⁵⁴⁾

(a) **Prices and factors affecting prices**

(173) The average sales prices of the Union industry to unrelated customers in the Union developed as follows over the period considered:

Table 7

Average sales prices in the Union and unit cost

	2020	2021	2022	2023	RIP
Average unit selling price in the Union (EUR/tonne)	[650 – 780]	[950 – 1 140]	[1 250 – 1 500]	[900 – 1 080]	[900 – 1 080]
Index (2020=100)	100	133	200	151	147
Unit cost of production (EUR/tonne)	[700 – 840]	[850 – 1 020]	[1 250 – 1 500]	[1 050 – 1 250]	[1 000 – 1 200]
Index (2020=100)	100	128	187	159	151

Source: verified questionnaire replies of the sampled Union producers.

(174) The table above shows the evolution of the unit ex-works sales price on the Union market as compared to the corresponding cost of production. In general, the evolution of the cost of production followed the same trend as the sales prices.

(175) The Union industry's average unit sales price to unrelated customers in the Union increased by 100 % from 2020 to 2022, to then decrease towards the end of the review investigation period, and overall increasing by 47 % over the period considered. The major increase in prices in 2022 was due mainly to the tight PET supply and successful passing-on of increase in raw material prices in the course of that year.

(176) The average cost of production of the Union industry increased over the period considered to the similar extent as the sales prices (by 51 %). The major factor having influenced the increase in the unit cost of production was the increase in the raw material price ⁽⁵⁵⁾ over the period considered.

⁽⁵⁴⁾ Given the fact that there are only two sampled Union producers, the relevant data in this section is provided in ranges.

⁽⁵⁵⁾ The price of PET is by around 90 % determined by the prices of the main raw material, i.e. purified terephthalic acid (PTA), which in turn fluctuates on the basis of prices of crude oil. This causes high volatility of the PET prices.

(b) **Labour costs**

(177) The average labour costs developed as follows over the period considered:

Table 8

Average labour costs per employee

	2020	2021	2022	2023	RIP
Average labour costs per employee (EUR/employee)	[25 000 – 30 000]	[25 000 – 30 000]	[30 000 – 36 000]	[30 000 – 36 000]	[35 000 – 42 000]
Index (2020=100)	100	104	118	126	135

Source: verified questionnaire replies of the sampled Union producers.

(178) The average labour costs per employee increased by 35 % over the period considered.

(c) **Closing stocks**

(179) Stock levels developed as follows over the period considered:

Table 9

Closing stocks

	2020	2021	2022	2023	RIP
Closing stocks (tonnes)	[30 000 – 36 000]	[35 000 – 42 000]	[70 000 – 84 000]	[35 000 – 42 000]	[20 000 – 24 000]
Index (2020=100)	100	136	231	132	68
Closing stocks as a percentage of production	5 - 7	5 - 8	10 - 13	5 - 8	2 - 5

Source: verified questionnaire replies of the sampled Union producers.

(180) The level of closing stocks of the sampled Union producers decreased by 32 % during the period considered. In the review investigation period, the level of stocks represented around 3 % of its production.

(d) **Profitability, cash flow, investments, return on investments and ability to raise capital**

(181) The profitability, cash flow, investments and return on investments developed as follows over the period considered:

Table 10

Profitability, cash flow, investments and return on investments

	2020	2021	2022	2023	RIP
Profitability of sales in the Union to unrelated customers (% of sales turnover)	[1 - 4]	[3 - 6]	[3 - 7]	[0 - 3]	[1 - 3]
Index (2020=100)	100	249	165	21	125

	2020	2021	2022	2023	RIP
Cash flow (EUR)	[42 000 000 – 50 000 000]	[48 000 000 – 58 000 000]	[55 000 000 – 65 000 000]	[58 000 000 – 70 000 000]	[48 000 000 – 60 000 000]
<i>Index (2020=100)</i>	100	115	131	141	116
Investments (EUR)	[4 300 000 – 5 200 000]	[4 700 000 – 5 700 000]	[10 000 000 – 13 000 000]	[8 000 000 – 11 000 000]	[8 000 000 – 11 000 000]
<i>Index (2020=100)</i>	100	108	253	206	187
Return on investments (%)	[5 - 20]	[25 - 40]	[45 - 60]	[- 10 - 0]	[5 - 20]
<i>Index (2020=100)</i>	100	275	393	- 28	73

Source: verified questionnaire replies of the sampled Union producers.

(182) The Commission established the profitability of the Union industry by expressing the pre-tax net profit of the sales of the like product to unrelated customers in the Union as a percentage of the turnover of those sales. The profitability of the Union industry was positive over the period considered, although it dropped to near break even figures in 2023 (after being negatively affected by the dumped imports from the People's Republic of China following the rise in profits in 2021 and 2022. In any event, the profitability in the review investigation period remained far below the target profit of 7 % established during the original review investigation ⁽⁵⁶⁾).

(183) The net cash flow is the Union producer's ability to self-finance its activities. The net cash flow was increasing from the start of the period considered until 2023 to then decrease in the review investigation period. Overall, it shows an increase of 16 % over the period considered.

(184) During the period considered, the annual flow of investments in the product under review made by the Union industry started to increase mainly in 2022, following the increase in profitability levels in 2021. Investments reached around EUR 10-12 million in the second part of the period considered, with investments related to maintenance, increase in the capacity, efficiency and environmental compliance of the production plants.

(185) The return on investments is the profit in percentage of the net book value of investments. The return on investment from the production and sale of the like product improved between 2020-2022, significantly dropping in 2023 to finally reach [5 % - 20 %] during the review investigation period.

4.4.4. Conclusion on the situation of the Union industry

(186) The investigation has shown that the situation of the industry on a macro level slightly deteriorated over the period considered, with the decline in production and sales (-20 % and -21 % respectively) outpacing the drop in consumption (-11 %). Furthermore, the market share of the Union industry decreased by 9 percentage points, yet still maintaining 70 % of the Union market in the review investigation period.

(187) The situation of the industry on a micro level was rather positive, although still vulnerable. The cash flow and profitability were positive (although far from the target profit) over the period considered, while the closing stocks decreased over the same period (both in absolute values and as a production percentage). In any event, the demand fluctuations cannot guarantee uptick in production and sales on the Union market.

⁽⁵⁶⁾ Target profit of 7 % was established in the original investigation, see recital (349) (OJ L 199, 5.8.2000, p. 44).

- (188) Taking the above developments into account, it can be concluded that while the Union industry did not suffer material injury during the review investigation period within the meaning of Article 8 of the basic Regulation, it is in a very fragile state. The Commission recalled that PET is considered a commodity and that the market is very price sensitive. For that reason, the Union industry cannot raise its prices without risking losing the sales volume necessary to keep fixed costs per tonne at a low and more competitive level.
- (189) In this regard, the Commission further examined the likelihood of recurrence of injury originally caused by subsidised imports from India if measures were repealed.

4.5. **Likelihood of recurrence of injury**

4.5.1. *Preliminary remark*

- (190) The Commission concluded in recital (188) that the Union industry did not suffer material injury during the review investigation period. Therefore, the Commission assessed, in accordance with Article 18 of the basic Regulation, whether there would be a likelihood of recurrence of injury originally caused by the subsidised imports from India if the measures were allowed to lapse. In this regard, the Commission examined: (a) the attractiveness of the Union market; (b) production capacity and spare capacity in India; (c) likely price levels of imports from India in the absence of countervailing measures; and (d) existence of trade restrictive measures in other third countries on exports of PET from India.

(a) ***Attractiveness of the Union market***

- (191) Consistent with the findings in the previous expiry review (see recitals (177)-(178) of the last expiry review), the Union market remains attractive in terms of its size and prices (see recital (195)). The attractiveness of the Union market is also confirmed by the consistently high PET imports from India over the period considered (until 2023, when the GSP treatment was suspended), despite the countervailing measures being in force.

(b) ***Production capacity and spare capacity available in India***

- (192) The investigation established that India had a substantial, 17 % growth in its production capacity over the period considered, reaching around [2 000 – 2 700] thousand tonnes at the end of 2023, while PET demand in India reached only around [1 200 – 1 500] thousand tonnes in the same year⁽⁵⁷⁾. The Indian industry is expected to increase its capacity further, with a 41 % increase projected for the period 2024-2027⁽⁵⁸⁾. With a gap between domestic consumption and production capacity available for exports of around [800 – 1 200] thousand tonnes in 2023, such excess capacity available for exports has to be considered significant as it represents around 25 % of the current Union consumption in the review investigation period.

(c) ***Likely price levels of imports from India in the absence of countervailing measures***

- (193) Given the negligible imports from India during the review investigation period, the likely export price was established on the basis of exports of PET from India to the three biggest export markets in the review investigation period (United Arab Emirates, Israel and Japan)⁽⁵⁹⁾.

- (194) A comparison was subsequently made between the prices of the like product produced and sold by the Union industry and the weighted average prices of PET produced in India and sold to United Arab Emirates, Israel and Japan in the review investigation period, adjusted to hypothetical Cost, Insurance, and Freight (CIF) at Union frontier level (without the customs duties).

⁽⁵⁷⁾ Source : Wood Mackenzie Ltd.

⁽⁵⁸⁾ Source : Wood Mackenzie Ltd.

⁽⁵⁹⁾ Source: <https://connect.ihsmarket.com/gta/home>.

- (195) The price comparison showed that the Indian prices were [8-12] % lower than the Union sales prices.
- (196) This is an indication of what could be the likely price level of imports from India should the measures in the Union be repealed.
- (197) Imposition of measures, coupled with the suspension of the GSP in India for PET imports, appears to have dissuaded Indian exporters from the flow of Indian PET on the Union market in large volumes and at low prices. As a result, there are only insignificant volumes of imports from India into the Union. However, should the current measures be lifted, Indian imports are very likely to reach the levels of pre-2023, when the market penetration rate was quite high (around 3 % market share), despite the measures in place.
- (198) On this basis, the Union industry is likely to be exposed to substantial volumes of imports from India at subsidised prices below the average prices of the Union industry, undermining its economic situation. As a result, the material injury is likely to recur should the measures against India lapse.

(d) ***Existence of trade restrictive measures in other third countries on exports of PET from India***

- (199) The existence of trade defence measures in third countries is also an indication that the pricing behaviour of Indian exports is likely to replicate on the Union market.
- (200) For instance, trade defence measures are currently in place against Indian imports in the United Kingdom, South Africa and the United States. The limitations in these export markets for India is another indicator that the Union market is likely to be targeted if the measures were allowed to lapse.

4.5.2. *Impact on the Union industry*

- (201) The investigation has shown that the imports from India continued to be subsidised and that there are no indications that the subsidisation would be discontinued in the future.
- (202) It can be reasonably expected that, as a consequence of the attractiveness of the Union market, should the measures be repealed, at least part of the spare capacity in India will, in all likelihood, be (re-)directed to the Union market.
- (203) In recital (198) it was concluded that it is likely that the exporting producers from India will export significant quantities of product under review to the Union should measures be allowed to lapse and that these exports would be made at subsidised prices.
- (204) In terms of volumes, it is very likely that Indian exporting producers will gain further market share from the Union industry which would face an immediate drop in its sales volumes and an increase in its fixed costs per unit. Indeed, the PET industry is a capital intensive industry which needs to maintain a certain volume of production to keep the fixed costs at reasonable levels. The increase in fixed costs following a decrease in production and sales would negatively affect the profitability. As a consequence, the profitability of the Union industry and its overall economic situation would be negatively affected and material injury would recur. In parallel, the Union industry would be precluded from making the necessary investments to achieve the Union sustainability objectives.
- (205) Based on the above the Commission concluded that there is a strong likelihood of recurrence of injury from Indian imports should the measures be repealed.

4.5.3. *Comments of the parties*

- (206) In response to the definitive disclosure, the GOI claimed that the likelihood of continuation or recurrence of injury to the Union industry was unlikely, as Indian PET imports have collapsed to near-zero during the RIP. According to the GOI, any injury suffered by the Union industry is more likely to be linked to imports from third countries, which have a much larger market share. In this context, the GOI referred to number of economic trends, such as decrease in Union sales volumes, increase in the cost of production and drop in profitability in 2023 and claimed that this evolution of trends was due to the factors other than Indian imports.

- (207) First, as established in recital (188) it was not concluded that the Union industry had suffered material injury during the review investigation period, making the analysis of causation and attribution of injury to imports from India/ other third countries or to other factors redundant. Second, despite the negligible level of Indian imports, as set out in recital (203), it is likely that the exporting producers from India would export significant quantities of PET to the Union should measures be allowed to lapse and that these exports would be made at subsidised prices.
- (208) The GOI also pointed out that the Union industry's production capacity increased during the RIP, its market share remained stable, its sales prices increased and that the Union industry's profitability was positive over the period considered, while Indian imports were at low levels.
- (209) It is not disputed that some of the economic indicators of the Union industry were positive over the period considered or in the RIP while the Indian imports were negligible in the RIP. This however does not invalidate the conclusion reached that there is a likelihood of recurrence of injury, should the measures be allowed to lapse. Therefore, the GOI's arguments had to be rejected.

5. UNION INTEREST

- (210) In accordance with Article 31 of the basic Regulation, the Commission examined whether maintaining the existing countervailing measures against India would be against the interest of the Union as a whole. The determination of the Union interest was based on an appreciation of all the various interests involved, including those of the Union industry, importers and users.
- (211) It is recalled that, in the original investigations, the adoption of measures was considered not to be against the interest of the Union.
- (212) All interested parties were given the opportunity to make their views known pursuant to Article 31(2) of the basic Regulation.
- (213) On this basis, the Commission examined whether, despite the conclusions on the likelihood of continuation of subsidisation and recurrence of injury, compelling reasons existed which would lead to the conclusion that it was not in the Union interest to maintain the existing measures.

5.1. Interest of the Union industry

- (214) The continuation of the countervailing measures on imports of PET from India would help the Union industry to continue the ongoing investments, in particular those related to increase in capacity for recycled PET and aimed at boosting the competitiveness of the Union industry. The continuation of the measures would also enable the Union industry to better respond to demand fluctuations and stabilize its economic performance as it would help avoiding that the Union industry be exposed to the substantial volumes of Indian subsidised imports undercutting the Union industry sales prices.
- (215) Accordingly, the Commission concluded that the maintenance of countervailing measures against India would be in the interest of the Union industry.

5.2. Interest of importers, traders and users

- (216) One importer came forward following the publication of the notice of initiation and during the investigation, however without completing the dedicated questionnaire. Although it cannot be ruled out that the imposition of the countervailing measures had a negative impact on their activity, the importers are not dependent on India and can source the product under review from numerous other supplying countries such as Vietnam, Türkiye and Egypt. Hence, even with the countervailing measures for India in place, supply of PET in the Union is not limited and competitive market prices exist. Therefore, similar to the conclusion reached in the previous expiry review investigation, the Commission concluded that from the importers' perspective, there are no compelling reasons not to extend the existing measures.

5.3. Interest of users

- (217) No user came forward following the publication of the notice of initiation and during the investigation. Therefore, there were no indications that the conclusions reached in previous investigations are no longer valid and that the maintenance of the measures would have a negative impact on the users outweighing the positive impact of the measures.

5.4. Conclusion on Union interest

- (218) In view of the above, the Commission concluded that there are no compelling reasons of Union interest against the extension of the current countervailing measures on imports from India.

5.5. Comments of the parties

- (219) Following the definitive disclosure, the GOI argued that the conclusion that maintaining the measures supports Union industry investments is speculative, as the Union industry faced no Indian imports during the review investigation period and has shown no current injury that would warrant continued protection.
- (220) As it follows from Table 10 above, the increase in investments of the Union producers was approximately twofold towards the end of the period considered. It was precisely the imposition of measures and subsequent decline in Indian imports that encouraged the Union industry to boost their investments and it can be reasonably expected that such trend will continue, should the measures be kept intact. Therefore, and contrary to the GOI's claim, the conclusion drawn by the Commission is in no way speculative or invalidating the overall conclusion reached on the Union interest.
- (221) The GOI also disputed the Commission's analysis of importers, which dismissed concerns based on unsubstantiated assumptions about alternative supply sources, without demonstrating that third-country imports can fully substitute Indian PET in terms of quality, cost, and availability.
- (222) It was noted that the Commission's finding about alternative supply sources are based on a positive evidence on imports (see notably Section 4.3.3) and are hence in no way unsubstantiated. Moreover, the GOI failed to demonstrate how Indian PET, considered a commodity product, would differ in quality and availability compared to PET from other sources and why could the fairly priced Indian PET not continue to flow to the Union. As a result, the GOI's argument was dismissed.
- (223) Additionally, the GOI noted that the absence of user participation cannot be interpreted as an endorsement of the measures, and that no updated analysis has been provided to assess the current impact on users. Overall, the GOI submitted that no compelling Union interest exists to justify extending duties in the absence of demonstrated injury or market distortion.
- (224) It was noted that no users have participated in the current expiry review proceedings, no other relevant data impacting on the user or overall Union interest were provided to the Commission and that the Commission is not mandated by the basic Regulation to update its user interest analysis in these circumstances. Furthermore, the GOI failed to provide in its response to the definitive disclosure any substantive evidence demonstrating that maintaining the measures would be against the interest of the users and the interest of the Union as a whole. Thus, the Commission was correct to conclude that the findings made in previous investigations continued to be valid and the GOI's claims were rejected accordingly.

6. COUNTERVAILING MEASURES

- (225) On the basis of the conclusions reached by the Commission on continuation of subsidy, recurrence of injury and Union interest, the countervailing measures on imports of PET from India should be maintained.

- (226) To minimise the risks of circumvention due to the difference in countervailing duty rates, special measures are needed to ensure the application of the individual duties and exemptions. The application of individual duties or exemptions is only applicable upon presentation of a valid commercial invoice to the customs authorities of the Member States. The invoice must conform to the requirements set out in Article 1(3) of this regulation. Until such invoice is presented, imports should be subject to the countervailing duty applicable to 'all other companies' in India.
- (227) While presentation of this invoice is necessary for the customs authorities of the Member States to apply the individual rates of countervailing duty and exemptions to imports, it is not the only element to be taken into account by the customs authorities. Indeed, even if presented with an invoice meeting all the requirements set out in Article 1(3) of this regulation, the customs authorities of Member States must carry out their usual checks and may, like in all other cases, require additional documents (shipping documents etc.) for the purpose of verifying the accuracy of the particulars contained in the declaration and ensure that the subsequent application of the lower rate of duty or exemption is justified, in compliance with customs law.
- (228) Should the exports by one of the companies benefiting from lower individual countervailing duty rates increase significantly in volume after the imposition of the measures concerned, such an increase in volume could be considered as constituting in itself a change in the pattern of trade due to the imposition of measures within the meaning of Article 23 of the basic Regulation. In such circumstances and provided the conditions are met an anti-circumvention investigation may be initiated. This investigation may, *inter alia*, examine the need for the removal of individual duty rates and the consequent imposition of a country-wide duty.
- (229) The individual company countervailing duty rates specified in this Regulation are exclusively applicable to imports of the product under review originating in India and produced by the named legal entities. Imports of the product under review produced by any other company not specifically mentioned in the operative part of this Regulation, including entities related to those specifically mentioned, should be subject to the duty rate applicable to 'all other imports originating in India'. They should not be subject to any of the individual duty rates.
- (230) A company may request the application of these individual duty rates if it changes subsequently the name of its entity. The request must be addressed to the Commission ⁽⁶⁰⁾. The request must contain all the relevant information enabling to demonstrate that the change does not affect the right of the company to benefit from the duty rate which applies to it. If the change of name of the company does not affect its right to benefit from the duty rate which applies to it, a regulation about the change of name will be published in the *Official Journal of the European Union*.
- (231) Futura Polyesters Ltd should be excluded from these measures since no subsidy was established for this exporter in the previous investigation.
- (232) All interested parties were informed of the essential facts and considerations on the basis of which it was intended to recommend that the existing measures be maintained. They were also granted a period to make representations subsequent to this disclosure.
- (233) In view of Article 109 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council ⁽⁶¹⁾ when an amount is to be reimbursed following a judgment of the Court of Justice of the European Union, the interest to be paid should be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the *Official Journal of the European Union* on the first calendar day of each month.
- (234) The measures provided for in this Regulation are in accordance with the opinion of the Committee established by Article 15(1) of the basic Regulation,

⁽⁶⁰⁾ European Commission, Directorate-General for Trade, Directorate G, Rue de la Loi 170, 1040 Brussels, Belgium.

⁽⁶¹⁾ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) (OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>).

HAS ADOPTED THIS REGULATION:

Article 1

1. A definitive countervailing duty is hereby imposed on imports of polyethylene terephthalate having a viscosity number of 78 ml/g or higher, currently falling under CN code 3907 61 00 and originating in India.
2. The rate of the definitive countervailing duty applicable to the net, free-at-Union- frontier price, before duty, of the product described in paragraph 1 and manufactured by the companies listed below, shall be as follows:

Country of origin	Company	Countervailing duty (%)	TARIC additional code
India	Futura Polyesters Ltd	0	A184
India	IVL Dhunseri Petrochem Industries Private Limited	2,3	C380
India	Pearl Engineering Polymers Ltd	13,8	A182
India	Reliance Industries Limited	4,0	A181
India	Senpet Ltd	4,43	A183
India	All other companies	13,8	A999

3. The application of the individual duty rates specified for the companies mentioned in paragraph 2 shall be conditional upon presentation to the Member States' customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows: *'I, the undersigned, certify that the (volume) of (product under review) sold for export to the European Union covered by this invoice was manufactured by (company name and address) (TARIC additional code) in India. I declare that the information provided in this invoice is complete and correct.'* Until such invoice is presented, the duty applicable to all other companies shall apply.
4. Unless otherwise specified, the provisions in force concerning customs duties shall apply.

Article 2

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 18 August 2025.

For the Commission
The President
Ursula VON DER LEYEN