

the date of publication of the final results of this review.

Parties to the proceeding may request disclosure of the calculation methodology and interested parties may request a hearing not later than 10 days after the date of publication of this notice. Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted seven days after the time limit for filing the case brief. Parties who submit written arguments in this proceeding are requested to submit with the argument (1) a statement of the issue and (2) a brief summary of the argument. Any hearing, if requested, will be held seven days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 355.38(e).

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under § 355.38(c) of the regulations, are due. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any case or rebuttal brief or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 355.22.

Dated: August 16, 1995.

**Susan G. Esserman,**  
Assistant Secretary for Import  
Administration.

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[C-401-804]

### **Certain Cut-to-Length Carbon Steel Plate From Sweden; Preliminary Results of Countervailing Duty Administrative Review**

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**ACTION:** Notice of preliminary results of countervailing duty administrative review.

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty order on certain

cut-to-length carbon steel plate from Sweden. We preliminarily determine the net subsidy to be 2.98 percent ad valorem for the period December 7, 1992 through December 31, 1993. If the final results remain the same as these preliminary results of administrative review, we will instruct the U.S. Customs Service to assess countervailing duties as indicated above. Interested parties are invited to comment on these preliminary results. **EFFECTIVE DATE:** August 24, 1995.

**FOR FURTHER INFORMATION CONTACT:** Stephanie Moore or Christopher Jimenez, Office of Countervailing Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-2786.

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

On August 17, 1993, the Department published in the **Federal Register** (58 FR 43758) the countervailing duty order on certain cut-to-length carbon steel plate from Sweden. On August 3, 1994, the Department published a notice of "Opportunity to Request an Administrative Review" (59 FR 39543) of this countervailing duty order. We received a timely request for review from SSAB Svenskt Stal AB (SSAB), the sole known producer/exporter of the subject merchandise during the period of review (POR).

We initiated the review, covering the period December 7, 1992 through December 31, 1993, on September 8, 1994 (59 FR 46391). We conducted verification of the questionnaire responses from March 27, 1995 through March 31, 1995. The review covers SSAB and ten programs.

Because the POR covers only three weeks in 1992 (December 7 through December 31, 1992), the Department determined that it was appropriate to apply the assessment rate calculated for 1993 to exports made during the three-week period. See, Memorandum for Joseph A. Spetrini from the Steel Team dated October 3, 1994, regarding calculation of the assessment rate in the first administrative reviews of the Certain Steel Countervailing Duty Orders, which is on file in the Central Records Unit, Room B-099 of the Department of Commerce.

##### **Applicable Statute and Regulations**

The Department is conducting this administrative review in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). Unless

otherwise indicated, all citations to the GATT Subsidies Code, the U.S. statute, and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994. References to the Department's Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comments, (54 FR 23366, May 31, 1989) (Proposed Regulations), are provided solely for further explanation of the Department's countervailing duty practice. Although the Department has withdrawn the particular rulemaking proceeding pursuant to which the *Proposed Regulations* were issued, the subject matter of these regulations is being considered in connection with an ongoing rulemaking proceeding which, among other things, is intended to conform the Department's regulations to the Uruguay Round Agreements Act. See 60 FR 80, Jan. 3, 1995.

##### **Scope of the Review**

Imports covered by this review are shipments of certain cut-to-length carbon steel plate from Sweden. These products include hot-rolled carbon steel universal mill plates (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width or in a closed box pass, of a width exceeding 150 millimeters but not exceeding 1,250 millimeters and of a thickness of not less than 4 millimeters and of a thickness of not less than 4 millimeters, not in coils and without patterns in relief), of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances; and certain hot-rolled carbon steel flat-rolled products in straight lengths, of rectangular shape, hot rolled, neither clad, plated, nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances, 4.75 millimeters or more in thickness and of a width which exceeds 150 millimeters and measures at least twice the thickness. During the review period, such merchandise was classifiable under the Harmonized Tariff Schedule (HTS) item numbers 7208.31.0000, 7208.32.0000, 7208.33.1000, 7208.33.5000, 7208.41.0000, 7208.42.0000, 7208.43.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.11.0000, 7211.12.0000, 7211.21.0000, 7211.22.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000, and 7212.50.0000. Included in this order are flat-rolled products of non-rectangular cross-section where cross-section is achieved subsequent to the rolling process (i.e., products which have been

“worked after rolling”)—for example, products which have been beveled or rounded at the edges. Excluded from this order is grade X-70 plate. The HTS item numbers are provided for convenience and customs purposes. The written description remains dispositive.

### Calculation Methodology for Assessment and Cash Deposit Purposes

Because SSAB is the only manufacturer/exporter of the subject merchandise to the United States, SSAB's net subsidy rate is also the country-wide rate.

### Privatization

SSAB was partially privatized twice, in 1987 and in 1989. In the Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Sweden (58 FR 37385, July 9, 1993) (Final Determination), the Department found that SSAB had received countervailable subsidies prior to these partial privatizations. Further, the Department found that a private party purchasing all or part of a government-owned company can repay prior subsidies on behalf of the company as part or all of the sales price (see the General Issues Appendix appended to the Final Countervailing Duty Determination; Certain Steel Products from Austria (58 FR 37262, July 9, 1993) (General Issues Appendix)). Therefore, to the extent that a portion of the sales price paid for a privatized company can be reasonably attributed to prior subsidies, that portion of those subsidies will be extinguished.

To calculate the subsidies remaining with SSAB after each partial privatization, we performed the following calculations. We first calculated the net present value (NPV) of the future benefit stream of the subsidies at the time of the sale of the shares. We then multiplied the NPV by the percentage of shares the government retained after the sale and derived the amount of subsidies not affected by privatization. Next, we estimated the portion of the purchase price which represents repayment of prior subsidies in accordance with the methodology described in the “Privatization” section of the General Issues Appendix (58 FR 37259). This amount was then subtracted from the NPV, and the result was divided by the NPV to calculate the ratio representing the amount of subsidies remaining with SSAB after each partial privatization.

With respect to sales of “productive units” by SSAB, we have followed the same methodology used in the Final Determination (58 FR 37385). In

accordance with that methodology, a portion of the price paid when a productive unit is sold is allocable repayment of subsidies received in prior years by the seller of the productive unit. The subsidies allocated to the POR have been reduced for all of the programs, as described above. These subsidies were further adjusted by the asset value of the productive unit. For a further explanation of the Department's methodology regarding “sales of productive units” and these calculations, see the “Restructuring” section of the General Issues Appendix (58 FR 37265).

To calculate the benefit provided to SSAB, we multiplied the benefit calculated for 1993, adjusted for sales of productive units, by the ratio representing the amount of subsidies remaining with SSAB after the partial privatization. We then divided the results by the company's total sales in 1993.

### Analysis of Programs

#### I. Programs Preliminarily Found to Confer Subsidies

##### (1) Equity Infusion

In 1981, the Government of Sweden (GOS) provided equity capital to SSAB totaling 1,125 million Swedish kronor (MSEK). Simultaneously, Granges, a private company and the only other shareholder at the time, contributed 375 MSEK. To persuade Granges to contribute this equity capital, the GOS guaranteed a specified sum to be paid to Granges in 1991. Because of this arrangement, we determined that the 375 MSEK paid by Granges was an equity infusion provided indirectly by the GOS, through Granges, specifically to SSAB. See, Final Determination (58 FR 37387).

In the Final Determination (58 FR 37385) and in the final determination from a previous investigation of Swedish steel, Final Affirmative Countervailing Duty Determinations; Certain Carbon Steel Products from Sweden (50 FR 33377, August 19, 1985) (Final Certain Carbon Steel Products), we determined that SSAB was unequityworthy in 1981 when it received the equity infusions, and that the two equity infusions are therefore countervailable. There has been no new information or evidence of changed circumstances in this review to warrant reconsideration of this determination.

In accordance with the “Equity” section of the General Issues Appendix, we treated the equity infusions as grants. To calculate the benefit from these equity infusions for the POR, we used the grant methodology as

described in the “Allocation” section of the General Issues Appendix (58 FR 37226). Because the Department determined in the Final Determination that the infusions are non-recurring subsidies, we have allocated the subsidies over 15 years, the average useful life of assets in the steel industry, according to the asset guideline classes of the Internal Revenue Service. As the discount rate, we have used SSAB's company-specific interest rate on fixed-rate long-term loans (see § 355.49 of the Proposed Regulations).

We reduced the benefit from these equity infusions attributable to the POR according to the methodology outlined in the “Privatization” section above. We then divided the result by SSAB's total sales for 1993. On this basis, we preliminarily determine the net subsidy to be 0.82 percent *ad valorem*.

##### (2) Structural Loans

SSAB received structural loans under three separate pieces of legislation for investment in plant and equipment. The loans were disbursed in installments between 1978 and 1983. All three loans were outstanding during the POR.

According to the terms of the loans, all three structural loans were interest-free for three years from the date of disbursement. After that time, one loan incurred interest at a fixed rate of five percent per annum while the other two loans incurred interest at a variable rate subject to change every five years. The variable interest rate on these two loans is set at the rate of the long-term government bonds plus a 0.25 percent margin. After a five-year grace period, the principal is repaid in 20 equal installments at the end of each calendar year.

In the Final Determination (58 FR 37388) and in Final Certain Carbon Steel Products (50 FR 33376), we determined that these loans are countervailable because they were provided specifically to SSAB on terms inconsistent with commercial considerations. There has been no new information or evidence of changed circumstances in this review to warrant reconsideration of this determination.

To calculate the benefit from the fixed-rate structural loan, we employed the long-term loan methodology described in § 355.49(c)(1) of the Proposed Regulations. To calculate the benefits from the two variable-rate loans, we used the variable-rate long-term loan methodology described in § 355.49(d)(1) of the Proposed Regulations. As the discount rate, we used the same benchmark previously established. See, Final Determination (58 FR 37386).

We reduced the benefit attributable to the POR from the fixed-rate structural loan according to the methodology outlined in the "Privatization" section above. We then aggregated the benefits for the three loans (fixed interest rate and variable interest rate) and divided the results by SSAB's total sales for 1993. On this basis, we preliminarily determine the net subsidy from the three structural loans to be 0.38 percent *ad valorem*.

### (3) Forgiven Reconstruction Loans

The GOS provided reconstruction loans to SSAB between 1979 and 1985 to cover operating losses, investment in certain plants and equipment, and for employment promotion purposes. The loans were interest free for three years, after which a fixed interest rate was charged. According to the terms of the loans, up to half of the outstanding amount of the loan can be written off after the second calendar year following the disbursement. The remainder of the loan can be written off entirely at the end of the ninth calendar year after disbursement. Pursuant to the terms of the reconstruction loans, the GOS wrote off large portions of principal and accrued interest on these loans between 1980 and 1990.

In the Final Determination (58 FR 37388) and in Final Certain Carbon Steel Products (50 FR 33377), we determined that forgiveness of these loans is countervailable. There has been no new information or evidence of changed circumstances in this review to warrant reconsideration of this determination.

To calculate the benefit, we treated the written-off portions of the reconstruction loans as countervailable grants received in the years the loans were forgiven and calculated the benefit using the grant methodology as described in the "Allocation" section of the General Issues Appendix (58 FR 37225). We reduced the benefits from these grants attributable to the POR according to the methodology outlined in the "Privatization" section above. We then divided the results by SSAB's total sales for 1993. On this basis, we preliminarily determine the net subsidy from the three structural loans to be 1.77 percent *ad valorem*.

### (4) Grants for Temporary Employment for Public Works

The GOS provided temporary employment grants to companies and government agencies which hired individuals on a temporary basis to work on public works projects (e.g., construction, road building, repairs).

SSAB received such grants between 1979 and 1988.

In the Final Determination (58 FR 37389) and in Final Certain Carbon Steel Products (50 FR 33375), we determined that these grants are countervailable. There has been no new information or evidence of changed circumstances in this review to warrant reconsideration of this determination.

We calculated the net subsidy of the grant received in 1979 using the grant methodology as described in the "Allocation" section of the General Issues Appendix. The amounts received by SSAB under this program in all other years were less than 0.5 percent of the value of the company's total sales in each year. Therefore, those amounts were allocated to the year of receipt. See, "Allocation" section of the General Issues Appendix (37226).

To calculate the benefit for the POR, we reduced the benefit from the 1979 grant according to the methodology outlined in the "Privatization" section above. We then divided the result by SSAB's total sales for 1993. On this basis, we preliminarily determine the net subsidy to be 0.01 percent *ad valorem*.

## II. Programs Preliminarily found not to Confer Subsidies

### (1) Research & Development (R&D) Loans and Grants

The Swedish National Board for Industrial and Technical Development (NUTEK) provides research and development loans and grants to Swedish industries for R&D purposes. One type of R&D loan (industrial development loans) is mostly aimed at "new" industries such as the biotechnical, electronic, and medical industries. Another type of R&D loan (energy efficiency loans) is directed towards big energy consumers.

The loans accrue interest equal to the official "discount" rate plus a premium of 3.75 percent. However, no interest or principal payments are due until the R&D project is completed. If upon completion of a project the company wishes to use the research results for commercial purposes, the loan must be repaid. On the other hand, if the company decides not to utilize the results and, therefore, does not claim proprietary treatment for the results, NUTEK will forgive the loan and the results of the research become publicly available.

SSAB had several R&D loans outstanding during the POR on which it did not make either principal or interest payments. However, we cannot determine whether SSAB has received a

countervailable benefit until the research is completed. It is only then that it is known (1) whether the loans are forgiven, and (2) if the loans were not forgiven, whether the accrued interest is less than what would have accrued had the loans been provided at commercial rates. See, Final Determination (58 FR 37389). Therefore, we will continue to examine the R&D loans in future administrative reviews.

As explained above, NUTEK may forgive R&D loans if the companies receiving them disseminate publicly the results of the research financed by the loans. Although the Department's practice is to treat forgiven R&D loans as grants, if the research results are publicly available, such assistance does not bestow a countervailable benefit. See, Final Determination (58 FR 37391). During the POR, three loans were forgiven. At verification, we confirmed that the results of these research projects were publicly available. On this basis, we preliminarily determine that this R&D program did not confer countervailable benefits on the export of the subject merchandise to the United States during the POR.

### (2) Fund for Industry and New Business Research and Development

SSAB reported in its questionnaire responses that SSAB Oxelosund, a subsidiary, received a conditional repayment research and development loan from the Fund for Industry and New Business (the Fund).

The Fund provides project financing to firms with a budget of at least two million Swedish kronor (MSEK), and start-up loans to new "limited" companies. Projects are financed through (1) conditional repayment loans (2) capital in return for royalty (3) project guarantees, and (4) credit guarantees for developing new products, processes and systems, and marketing. The terms and conditions of the financing depend on the type of financing provided.

In October 1992, the Fund approved a 6 MSEK conditional repayment loan for SSAB Oxelosund, a subsidiary of SSAB. Only 3 MSEK of the loan amount was disbursed. Under the terms of the loan, 50 percent of the principal was to be paid at the end of 1994, with the remaining 50 percent to be paid at the end of 1995. The loan accrued interest from the date of disbursement at a rate equal to the Central Bank's "discount" rate plus a 4 percent premium, paid quarterly for the prior quarter.

The Proposed Regulations at § 355.44(b)(5) sets forth the hierarchy for selecting long-term interest rate benchmarks for variable rate loans. We

were unable to use a company-specific rate because SSAB did not obtain any long-term commercial loans during 1992 or 1993, nor did the company issue any bonds. The record does not contain any information on variable interest rates in Sweden during 1992 or 1993. Therefore, as the benchmark, we used the national average long-term fixed interest rate on 10-year industrial bonds in Sweden in 1992 and in 1993. We compared the interest paid by the company with the amount of interest that the company would have paid on a similar loan provided at the benchmark rates. We found that the amount paid by the company was higher than the amount that would have been paid at the commercial benchmark rates. On this basis, we preliminarily determine that this program did not confer a countervailable benefit on the export of the subject merchandise to the United States during the POR. See, Memorandum for the File from Team E dated July 6, 1995 regarding the Fund for Industry and New Business Research and Development Program, which is on file in the Central Records Unit, Room B-099 of the Department of Commerce.

### III. Programs Preliminarily Found Not to be Used

We also examined the following programs and preliminarily determine that SSAB did not apply for or receive benefits under them during the POR:

- (A) Regional Development Grants
- (B) Transportation Grants
- (C) Location-of-industry Loans

### IV. Program Preliminarily Found to be Terminated

We also examined the following program and preliminarily determine that the program has been officially terminated and there are no residual benefits. See, Memorandum to File from Team E dated June 23, 1995 regarding termination of the program, which is on file in the Central Records Unit, Room B-099 of the Department of Commerce.

State Stockpiling Subsidies

### Preliminary Results of Review

In accordance with 19 CFR 355.22(b)(1), an administrative review "normally will cover entries or exports of merchandise during the most recently completed reporting year of the government of the affected country." However, because this is the first administrative review of this countervailing duty order, in accordance with 19 CFR 355.22(b)(2), this review covers the period, and the corresponding entries, "from the date of suspension of liquidation \* \* \* to the end of the most recently completed

reporting year of the government of the affected country." This period is December 7, 1992 through December 31, 1993.

The Department issued its preliminary affirmative countervailing duty determination in the investigation on December 7, 1992 (57 FR 57793). On March 8, 1993 in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), we aligned the final countervailing duty determinations with the final antidumping duty determinations on certain steel products from various countries (58 FR 12935, March 8, 1993).

Under 19 CFR 355.20(c)(1)(ii), and pursuant to article 5.3 of the GATT Subsidies Code, we cannot require suspension of liquidation under these circumstances (i.e., alignment of countervailing and antidumping determinations) for more than 120 days without the issuance of a countervailing duty order. Therefore, the Department instructed the U.S. Customs Service to suspend liquidation of all entries, or withdrawals from warehouse, for consumption of the subject merchandise entered between December 7, 1992, and April 5, 1993, but to discontinue the suspension of liquidation of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after April 6, 1993. The Department reinstated suspension of liquidation and required cash deposits of estimated countervailing duties of entries made on or after August 17, 1993, the date of the publication of the countervailing duty order. Merchandise entered on or after April 6, 1993 and before August 17, 1993 is to be liquidated without regard to countervailing duties.

For the periods December 7, 1992 through April 5, 1993, and August 17, 1993 through December 31, 1993, we preliminarily determine the net subsidy to be 2.98 percent *ad valorem*.

If the final results of this review remain the same as these preliminary results, the Department intends to instruct the U.S. Customs Service to assess the following countervailing duties:

December 7, 1992–April 5, 1993; 2.98 percent *ad valorem*.

April 6, 1993–August 16, 1993; 0 (zero).  
August 17, 1993–December 31, 1993; 2.98 percent *ad valorem*.

The Department also intends to instruct the U.S. Customs Service to collect a cash deposit of estimated countervailing duties of 2.98 percent of the f.o.b. invoice price on all shipments of the subject merchandise from all manufacturers, producers, and exporters, entered or withdrawn from

warehouse, for consumption on or after the date of publication of the final results of this review.

Parties to the proceeding may request disclosure of the calculation methodology and interested parties may request a hearing not later than 10 days after the date of publication of this notice. Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted seven days after the time limit for filing the case brief. Parties who submit written arguments in this proceeding are requested to submit with the argument (1) a statement of the issue and (2) a brief summary of the argument. Any hearing, if requested, will be held seven days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 355.38(e). Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under § 355.38(c), are due. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any case or rebuttal brief or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 355.22.

Dated: August 16, 1995.

**Susan G. Esserman,**  
*Assistant Secretary for Import Administration.*

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### Export Trade Certificate of Review

**ACTION:** Notice of Issuance of an Export Trade Certificate of Review, Application No. 95-00003.

**SUMMARY:** The Department of Commerce has issued an Export Trade Certificate of Review to U.S. Textile Export Co., Inc., t/a TEXTOR, Inc. on August 15, 1995. This notice summarizes the conduct for which certification has been granted.

**FOR FURTHER INFORMATION CONTACT:** W. Dawn Busby, Director, Office of Export Trading Company Affairs, International Trade Administration, 202-482-5131. This is not a toll-free number.