Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

This determination is published pursuant to sections 703(f) and 777(i) of the Act.

Dated: November 9, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–30737 Filed 11–16–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–475–825]

Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination: Stainless Steel Sheet and Strip in Coils from Italy

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

EFFECTIVE DATE: November 17, 1998.

FOR FURTHER INFORMATION CONTACT: Craig W. Matney, Gregory W. Campbell, or Alysia Wilson, AD/CVD Enforcement, Group I, Office 1, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–1778, 482–2239, or 482–0108, respectively.

Preliminary Determination: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of stainless steel sheet and strip in coils from Italy.

Petitioners

The petition in this investigation was filed by the Allegheny Ludlum Corporation, Armco Inc., J&L Specialty Steel, Inc., Washington Steel Division of Bethlehem Steel Corporation, United Steel Workers of America, AFL–CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization, Inc. (collectively referred to hereinafter as the ''petitioners'').

Case History

Since the publication of the notice of initiation in the **Federal Register** (*see Notice of Initiation of Countervailing Duty Investigations: Certain Stainless Steel Sheet and Strip in Coils from France, Italy, and the Republic of Korea*, 63 FR 37539 (July 13, 1998) (*Initiation Notice*)), the following events have occurred. On July 13, 1998, we issued questionnaires to the Government of Italy (GOI), the European Commission (EC), Acciai Speciali Terni S.p.A. (AST), and Arinox S.r.l. (Arinox). On August 6, 1998, we postponed the preliminary determination of this investigation until November 9, 1998 (*see Notice of Postponement of Time Limit for Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils from France, Italy, and the Republic of Korea*, 63 FR 43140 (August 12, 1998)).

We received responses to our initial questionnaires from the GOI, the EC, AST, and Arinox between July 29 and September 14. Between September 21 and October 16, 1998, we issued supplemental questionnaires to the GOI, the EC, AST, and Arinox. We received responses to these supplemental questionnaires between October 9 and October 22, 1998.

Scope of Investigation

For purposes of these investigations, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this investigation is classified in the Harmonized Tariff Schedule of the United States (''HTSUS'') at subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Excluded from the scope of this petition are the following: (1)Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4)flat wire (i.e., cold-rolled sections, rectangular in shape, of a width of not more than 9.5 mm, and a thickness of not more than 6.35 mm), and (5)razor blade steel. Razor blade steel is a flat rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See Chapter 72 of the HTSUS, ''Additional U.S. Note'' 1(d).

The Department has determined that certain specialty stainless steel products are also excluded from the scope of these investigations. These excluded products are described below: Flapper valve steel is defined as stainless steel strip in coils with a chemical composition similar to that of AISI 420F grade steel and containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of 185 kgf/mm2, plus or minus 10, yield strength of 150 kgf/mm2, plus or minus 8, and hardness (Hv) of 540, plus or minus 30.

Also excluded is suspension foil, a specialty steel product used, e.g., in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202

grade stainless steel of a thickness between 14 and 127 μm, with a thickness tolerance of plus-or-minus 2.01 μm, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth, and must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of these investigations. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths of 1.016 to 228.6 mm, and a thickness between 0.0127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available, e.g., under the trade name ''Arnokrome III,'' [1]

Electrical resistance alloy steel is also not included in the scope of these investigations. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available, e.g., under the trade name ''Gilphy 36.'' [2]

Finally, certain stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives) is also excluded. This steel is similar to ASTM grade 440F, but containing higher levels of molybdenum. This steel contains, by weight, carbon of between 1.0 and 1.1 percent, sulphur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and cobalt. This steel is sold under, e.g. the proprietary name GIN4Mo.[3]

[1] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

[2] ''Gilphy 36'' is a trademark of Imphy, S.A.

[3] ''Gin4Mo'' is the proprietary grade of Hitachi Metals America, Ltd.

All interested parties are advised that additional issues pertaining to the scope of these investigations are still pending. Furthermore, the exclusions outlined above are subject to further revision and refinement. The Department plans on notifying interested parties of its determinations on all scope issues in sufficient time for parties to comment before the final determination.

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (URAA) effective January 1, 1995 (the Act). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations codified at 19 CFR Part 351 (1998).

Injury Test

Because Italy is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from Italy materially injure, or threaten material injury to, a U.S. industry. On August 9, 1998, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is being materially injured, or threatened with material injury, by reason of imports from Italy of the subject merchandise (*see Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan, and the United Kingdom,* 63 FR 41864 (August 9, 1998)).

Alignment With Final Antidumping Determination

On July 22, 1998, the petitioners submitted a letter requesting alignment of the final determination in this investigation with the final determination in the companion antidumping duty investigation. *See Initiation of Antidumping Investigations: Stainless Steel Sheet and Strip in Coils From France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom,* 63 FR 37521 (July 13, 1998). Therefore, in accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determinations in the antidumping investigations of stainless steel sheet and strip in coils.

Period of Investigation

The period of investigation for which we are measuring subsidies (the POI) is calendar year 1997.

Company History of AST

Prior to 1987, Terni, S.p.A, (Terni), a main operating company of Finsider, was the sole producer of stainless steel sheet and strip in coils (sheet and strip) in Italy. Finsider was a holding company that controlled all state-owned steel companies in Italy. Finsider, in turn, was wholly-owned by a government holding company, Istituto per la Ricostruzione Industriale (IRI). As part of a restructuring in 1987, Terni transferred its assets to a new company, Terni Acciai Speciali (TAS).

In 1988, another restructuring took place in which Finsider and its main operating companies (TAS, Italsider, and Nuova Deltasider) entered into liquidation and a new company, ILVA S.p.A. was formed. ILVA S.p.A. took over some of the assets and liabilities of the liquidating companies. With respect to TAS, part of its liabilities and the majority of its viable assets, including all the assets associated with the production of sheet and strip, were transferred to ILVA S.p.A. on January 1, 1989. ILVA S.p.A. became operational on the same day. Part of TAS's remaining assets and liabilities were transferred to ILVA S.p.A. on April 1, 1990. After that date, TAS no longer had any manufacturing activities. Only certain non-operating assets remained in TAS.

From 1989 to 1994, ILVA S.p.A. consisted of several operating divisions. The Specialty Steels Division, located in Terni, produced subject merchandise. ILVA S.p.A. was also the majority owner of a large number of separately incorporated subsidiaries. The subsidiaries produced various types of steel products and also included service centers, trading companies, and an electric power company, among others. ILVA S.p.A. together with its subsidiaries constituted the ILVA Group (ILVA). ILVA was wholly-owned by IRI. All subsidies received prior to 1994 were received by ILVA or its predecessors.

In October 1993, ILVA entered into liquidation and became known as ILVA Residua. On December 31, 1993, two of ILVA's divisions were removed and separately incorporated: AST and ILVA Laminati Piani (ILP). ILVA's Specialty Steels Division was transferred to AST while its carbon steel flat products operations were placed in ILP. The remainder of ILVA's assets and liabilities, along with much of the

redundant workforce, were left in ILVA Residua.

In December 1994, AST was sold to KAI Italia S.r.L. (KAI), a privately-held holding company jointly owned by German steelmaker Hoesch-Krupp (50 percent) and a consortium of private Italian companies called FAR Acciai (50 percent). Between 1995 and the POI, there were several restructurings/changes in ownership of AST and its parent companies. As a result, at the end of the POI, AST was owned 75 percent by Krupp Thyssen Stainless GmbH and 25 percent by Fintad Securities S.A.

Change in Ownership

In the *General Issues Appendix* (*GIA*), attached to the *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria,* 58 FR 37217, 37226 (July 9, 1993), we applied a new methodology with respect to the treatment of subsidies received prior to the sale of the company (privatization) or the spinning-off of a productive unit.

Under this methodology, we estimate the portion of the purchase price attributable to prior subsidies. We compute this by first dividing the privatized company's subsidies by the company's net worth for each year during the period beginning with the earliest point at which nonrecurring subsidies would be attributable to the POI and ending one year prior to the privatization. We then take the simple average of the ratios. The simple average of these ratios of subsidies to net worth serves as a reasonable surrogate for the percent that subsidies constitute of the overall value of the company. Next, we multiply the average ratio by the purchase price to derive the portion of the purchase price attributable to repayment of prior subsidies. Finally, we reduce the benefit streams of the prior subsidies by the ratio of the repayment amount to the net present value of all remaining benefits at the time of privatization. For further discussion of our privatization methodology, *see, e.g., Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination: Stainless Steel Plate in Coils from Italy,* 63 FR 47246 (September 4, 1998) (*Italian Plate*).

With respect to spin-offs, consistent with the Department's position regarding privatization, we analyze the spin-off of productive units to assess what portion of the sale price of the productive units can be attributable to the repayment of prior subsidies. To perform this calculation, we first determine the amount of the seller's subsidies that the spun-off productive unit could potentially take with it. To calculate this amount, we divide the value of the assets of the spun-off unit by the value of the assets of the company selling the unit. We then apply this ratio to the net present value of the seller's remaining subsidies. We next estimate the portion of the purchase price going towards repayment of prior subsidies in accordance with the privatization methodology outlined above.

AST, the GOI and the EC have all expressed the opinion that the sale of AST to a private consortium in an arm's length transaction extinguished all prior subsidies. An analogous argument was rejected in the *GIA*. There is no basis for distinguishing the sale of AST from other sales that we have analyzed under the *GIA* methodology. *See, e.g., Final Affirmative Countervailing Duty Determination: Steel Wire Rod From Trinidad and Tobago,* 62 FR 55003 (October 22, 1997) (*Wire Rod from Trinidad and Tobago); Final Affirmative Countervailing Duty Determination: Steel Wire Rod from Canada,* 62 FR 54972 (October 22, 1997); and *Final Affirmative Countervailing Duty Determination: Stainless Steel Wire Rod from Italy,* 63 FR 40474 (July 29, 1998) (*Wire Rod from Italy*). Therefore, we have applied the methodology set forth in the *GIA* for the 1994 privatization. After the 1994 privatization of AST, there were numerous changes in the ownership structure of the parent companies of AST. AST provided information for only one of these changes. We have preliminarily applied the methodology to that transaction, and we are evaluating whether it is appropriate to apply the change in ownership methodology to the other post-privatization transactions. We request interested parties to comment on this issue.

Subsidies Valuation Information

Benchmarks for Long-term Loans and Discount Rates: Consistent with the Department's finding in *Wire Rod from Italy,* 63 FR at 40476–77, we have based our long-term benchmarks and discount rates on the Italian Bankers' Association (ABI) rate. Because the ABI rate represents a long-term interest rate provided to a bank's most preferred customers with established low-risk credit histories, commercial banks typically add a spread ranging from 0.55 percent to 4 percent onto the rate for other customers depending on their financial health.

In years in which AST or its predecessor companies were creditworthy, we added the average of that spread onto the ABI rate to calculate a nominal benchmark rate. In years in which AST or its predecessor companies were uncreditworthy (*see Creditworthiness* section below), we calculated the discount rates in accordance with our methodology for constructing a long-term interest rate benchmark for uncreditworthy companies. Specifically, we added to the ABI rate a spread of 4 percent in order to reflect the highest commercial interest rate available to companies in Italy. We added to this rate a risk premium equal to 12 percent of the ABI, as described in section 355.44(b)(6)(iv) of the Department's 1989 Proposed Regulations, which remain a statement of the Department's practice (*see Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comment,* 54 FR 23366, 23374 (May 31, 1989) (*1989 Proposed Regulations*).

Additionally, information on the record of this case indicates that published ABI rates do not include amounts for fees, commissions and other borrowing expenses. Since such expenses raise the effective interest rate that a company would experience and it is the Department's practice to use effective interest rates, where possible, we are including an amount for these expenses in the calculation of our effective benchmark rates. While we do not have information on the expenses that would be applied to long-term commercial loans, information on the record shows that borrowing expenses on overdraft loans range from 6 to 11 percent of interest charged. For purposes of this preliminary determination, we are assuming that the level of borrowing expenses on overdraft loans approximates the level on long-term commercial loans. Accordingly, we are increasing the nominal benchmark rate by 8.5 percent, representing the average reported level of borrowing expenses, to arrive at an effective benchmark rate.

Allocation Period: In the past, the Department has relied upon information from the U.S. Internal Revenue Service (IRS) for the industry-specific average useful life of assets in determining the allocation period for non-recurring subsidies. *See* the *GIA*. In *British Steel plc* v. *United States,* 879 F. Supp. 1254 (CIT 1995) (*British Steel I*), the U.S. Court of International Trade (the Court) held that the IRS information did not necessarily reflect a reasonable period based on the actual commercial and competitive benefit of the subsidies to

the recipients. In accordance with the Court's remand order, the Department calculated a company-specific allocation period for non-recurring subsidies based on the average useful life (AUL) of non-renewable physical assets. This remand determination was affirmed by the Court on June 4, 1996. *See British Steel plc* v. *United States,* 929 F. Supp. 426, 439 (CIT 1996) (*British Steel II*).

In recent countervailing duty investigations, it has been our practice to follow the Court's decision in *British Steel II,* and to calculate a company-specific allocation period for all countervailable non-recurring subsidies. In this investigation, we examined the company-specific AUL for both AST and Arinox because both received non-recurring subsidies. In the case of Arinox, we preliminarily determine a company specific AUL of their non-renewable physical assets of 12 years.

However, our analysis of the data submitted by AST regarding the AUL of its assets has revealed several problems. It appears that the methodology used to value AST's assets during and subsequent to AST's privatization may be distorting the company-specific AUL calculation. Moreover, it appears that AST has not included all of its non-renewable physical assets in the AUL figure it reported. Furthermore, the methodology used to value ILVA's assets is unclear and may be distortional.

Based on the concerns outlined above, we preliminarily determine that AST's calculation of its company-specific AUL should not be used to determine the appropriate allocation period for non-recurring subsidies. Rather, for purposes of this preliminary determination we are using the 15 years as set out in the IRS Tables. We intend to request clarification and additional information concerning AST's AUL data in the course of this investigation.

While we have not used AST's company-specific AUL because of the concerns outlined above, even if we were to use the company-specific data submitted by AST, the facts of this case pose additional concerns and possible inconsistencies. In particular, this investigation covers countervailable non-recurring subsidies benefitting AST that were found to be countervailable in *Final Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel from Italy,* 59 FR 18357 (April 18, 1994), (*Electrical Steel from Italy*), *i.e.,* equity infusions, equity infusions to Terni and ILVA, benefits from the 1988–90 restructuring (called debt forgiveness: Finsider-to-ILVA restructuring in *Initiation Notice*), debt forgiveness: ILVA-to-AST (included under this debt forgiveness are the following programs from the *Initiation Notice:* working capital grants to ILVA, 1994 debt payment assistance by IRI, and ILVA restructuring and liquidation grant), Law 675/77, and ECSC Article 54 Loans. *See* 63 FR at 37543. In *Electrical Steel From Italy,* the Department allocated these subsidies over 15 years based on information from the U.S. Internal Revenue Service (IRS) for the industry-specific average useful life of assets. Under current Department practice, previously allocated subsidies within the same proceeding are not given a new allocation period. Rather, it is our policy to retain the allocation period originally established for the subsidies in subsequent administrative reviews of the same preceding.

We note here that in the concurrent investigation of stainless steel sheet and strip in coils from France, the Department preliminarily determined that it is more appropriate to continue allocating non-recurring subsidies over the company-specific AUL of 14 years, which was calculated as a result of *British Steel II.* Although this was a company-specific AUL, it was the AUL applied in a prior investigation of the same subsidies to the same company that are currently being examined in the investigation of stainless steel sheet and strip in coils from France. The issue we are presented with is whether the allocation period, once established for a subsidy to a company, should change in different proceedings. If the allocation period did not change across proceedings, the same subsidies described above would be allocated over 15 years in both the current investigation and under the countervailing duty order on *Electrical Steel From Italy.* However, if we were to adopt different allocation periods for different proceedings, the same subsidy to the same company would be allocated over different periods, since AST has calculated an AUL of 9 years, assuming the calculation presented by and based on company-specific data was accepted by the Department. Thus, the same subsidy to the same company would have different allocation periods across separate proceedings: 15 years in *Electrical Steel From Italy* and 9 years in this investigation.

We encourage parties to comment on this issue and whether an alternative approach may be more appropriate. One option may be to retain the allocation period of a subsidy previously investigated in a prior investigation, rather than assign a new company-specific allocation period based on company-specific AUL data. As described above, this would conform with our practice in administrative reviews of the same countervailing duty order. Alternatively, an additional option would be to determine an individual AUL for each year in which a non-recurring subsidy is provided to a company, rather than to determine a company-specific AUL for non-recurring subsidies that could change with each investigation and result in different allocation periods for the same subsidy, as detailed above. We also welcome any additional comments on this issue not raised above.

Equityworthiness

In analyzing whether a company is equityworthy, the Department considers whether that company could have attracted investment capital from a reasonable private investor in the year of the government equity infusion, based on information available at that time. *See GIA,* 58 FR at 37244. Our review of the record has not led us to change our finding in *Final Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel from Italy*, 59 FR 18357 (April 18, 1994), (*Electrical Steel from Italy*), in which we found AST's predecessors unequityworthy from 1984 through 1988, and from 1991 through 1992.

In measuring the benefit from a government equity infusion into an unequityworthy company, the Department compares the price paid by the government for the equity to a market benchmark, if such a benchmark exists. In this case, a market benchmark does not exist, so we used the methodology described in the *GIA,* 58 FR at 37239. *See, also, Wire Rod from Trinidad and Tobago*, 62 FR at 55004. Following this methodology, equity infusions made on terms inconsistent with the usual practice of a private investor are treated as grants. Use of this methodology is based on the premise that an unequityworthiness finding by the Department is tantamount to saying that the company could not have attracted investment capital from a reasonable investor in the infusion year. This determination is based on the information available in that year.

Creditworthiness

When the Department examines whether a company is creditworthy, it is essentially attempting to determine if the company in question could obtain commercial financing at commonly available interest rates. *See, e.g., Final Affirmative Countervailing Duty Determinations: Certain Steel Products from France*, 58 FR 37304 (July 9, 1993) (*Certain Steel from France*); *Final*

Affirmative Countervailing Duty Determination: Steel Wire Rod from Venezuela, 62 FR 55014 (Oct. 21, 1997).

Terni, TAS and ILVA were found to be uncreditworthy from 1983 through 1993 in *Electrical Steel from Italy* at 18358 and *Wire Rod from Italy* at 40477. No new information has been presented in this investigation that would lead us to reconsider these findings. Therefore, consistent with our past practice, we continue to find Terni, TAS and ILVA uncreditworthy from 1985 through 1993. *See, e.g.*, *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Brazil*, 58 FR 37295, 37297 (July 9, 1993). There was no allegation by petitioners that Arinox was uncreditworthy. Therefore, we did not analyze its creditworthiness. In accordance with section 355.44(b)(6)(i) of the Department's *1989 Proposed Regulations*, 54 FR at 23380, we did not analyze AST's creditworthiness in 1994 through 1997 because AST did not negotiate the terms of loans with the GOI or EC during these years.

I. Programs Preliminarily Determined To Be Countervailable

GOI Programs

A. Equity Infusions to Terni and ILVA

The GOI, through IRI, provided new equity capital to Terni or ILVA in every year from 1984 through 1992, except in 1989 and 1990. We preliminarily determine that these equity infusions constitute countervailable subsidies within the meaning of section 771(5) of the Act. These equity infusions provided a financial contribution, as described in section 771(5)(D)(i) of the Act, and were not consistent with the usual investment practices of private investors (*see Equityworthiness* section above). Because these equity infusions were limited to Finsider and its operating companies and ILVA, we preliminarily determine that they are specific within the meaning of section 771(5A)(D) of the Act.

AST did not report, in its response to our questionnaires, the 1988 equity infusion provided to ILVA. We have public information from *Electrical Steel from Italy* on the existence and amount of this infusion and are including it in our calculations for the preliminary determination.

We have treated these equity infusions as non-recurring grants given in the year the infusion was received because each required a separate authorization. Because Terni and ILVA were uncreditworthy in the years of receipt, we used discount rates that include a risk premium to allocate the benefits over time. Additionally, we followed the methodology described in the *Change in Ownership* section above to determine the amount of each equity infusion appropriately allocated to AST after its privatization. We divided this amount by AST's total sales during the POI. Accordingly, we preliminarily determine the countervailable subsidy to be 0.12 percent *ad valorem* for AST.

B. Benefits from the 1988–90 Restructuring of Finsider (called Debt Forgiveness: Finsider-to-ILVA Restructuring in Initiation Notice)

As discussed above in the *Company History of AST* section of this notice, the GOI liquidated Finsider and its main operating companies in 1988 and assembled the group's most productive assets into a new operating company, ILVA S.p.A. In 1990, additional assets and liabilities of TAS, Italsider and Finsider went to ILVA.

Not all of TAS's liabilities were transferred to ILVA S.p.A.; rather, many remained with TAS and had to be repaid, assumed or forgiven. In 1989, Finsider forgave 99,886 million lire of debt owed to it by TAS. Even with this debt forgiveness, a substantial amount of liabilities left over from the 1990 transfer of assets and liabilities to ILVA S.p.A. remained with TAS. In addition, losses associated with the transfer of assets to ILVA S.p.A. were left behind in TAS. These losses occurred because the value of the transferred assets had to be written down. As TAS gave up assets whose book value was higher than their appraised value, it was forced to absorb the losses. These losses were generated during two transfers as reflected in: (1) an extraordinary loss in TAS's 1988 Annual Report and (2) a reserve against anticipated losses posted in 1989 with respect to the 1990 transfer.

Consistent with our treatment of the 1988–90 restructuring in *Electrical Steel from Italy,* 59 FR at 18359, we preliminarily determine that the debt and loss coverage provided to ILVA constitutes a countervailable subsidy within the meaning of section 771(5) of the Act. The debt and loss coverage provided a financial contribution as described in section 771(5)(D)(i) of the Act. Because this debt and loss coverage was limited to TAS, AST's predecessor, we preliminarily determine that it is specific within the meaning of section 771(5A)(D) of the Act.

In calculating the benefit from this program, we followed our methodology in *Electrical Steel from Italy,* except for the correction of a calculation error which had the effect of double-counting the write-down from the first transfer of assets in 1988 by including it in the calculations of losses generated upon the second transfer of assets in 1990. We have treated Finsider's 1989 forgiveness of TAS' debt and the loss resulting from the 1989 write-down as grants received in 1989. The second asset write down and the debt outstanding after the 1990 transfer were treated as grants received in 1990. We treated these as non-recurring grants because they were a one-time, extraordinary event. Because ILVA was uncreditworthy in these years, we used discount rates that include a risk premium to allocate the benefits over time. Finally, we followed the methodology described in the *Change in Ownership* section above to determine the amount of each benefit appropriately allocated to AST after its privatization and subsequent changes in ownership. We divided this amount by AST's total sales during the POI. Accordingly, we preliminarily determine the countervailable subsidy to be 1.52 percent *ad valorem* for AST.

C. Debt Forgiveness: ILVA-to-AST (Included Are The Following Programs From the Initiation Notice: Working Capital Grants to ILVA, 1994 Debt Payment Assistance by IRI, and ILVA Restructuring and Liquidation Grant)

As of December 31, 1993, the majority of ILVA's viable manufacturing activities had been separately incorporated into either AST or ILP; ILVA Residua was primarily a shell company with liabilities far exceeding assets. In contrast, AST and ILP, now ready for privatization, had operating assets and relatively modest debt loads.

The liabilities remaining with ILVA Residua after the privatization of AST and ILP had to be repaid, assumed, or forgiven. AST has stated that IRI, in accordance with Italian Civil Code, bears responsibility for all liabilities remaining in ILVA Residua. Furthermore, information submitted by AST indicates that the EC has approved IRI's plan to cover ILVA Residua's remaining liabilities when its final liquidation occurs.

Although this debt has yet to be eliminated completely by any specific act of the GOI or its holding company IRI, we preliminarily determine that AST (and consequently the subject merchandise) received a countervailable subsidy in 1993 when the bulk of ILVA's debt was placed in ILVA Residua, rather than being placed also with AST and ILP.

The placing of this debt with ILVA Residua was equivalent to debt forgiveness for AST. In accordance with our past practice, debt forgiveness is treated as a grant which constitutes a financial contribution under section

771(5)(D)(ii) and provides a benefit in the amount of the debt forgiveness. Because the debt forgiveness was received only by privatized ILVA operations, we preliminarily determine that it is specific under section 771(5A)(D) of the Act.

As noted above, certain operating assets (*e.g.,* pipe and tube operations) and non-operating assets (*e.g.,* cash, bank deposits) remained in ILVA Residua. Some of these assets have been privatized or otherwise used to fund repayment of the liabilities remaining in ILVA Residua. The EC, in its monitoring of the ILVA liquidation, has accounted for the fact that certain assets have been privatized or otherwise used to fund repayment of ILVA Residua's liabilities. The Department has followed similar methodology. We have also subtracted the amount of debt (*i.e.,* 253 billion lire) that was tied to Cogne Acciai Speciali (CAS), an ILVA subsidiary privatized in 1994, which was left behind in ILVA Residua. This amount was countervailed in *Wire Rod from Italy* (*see* 63 FR at 40478). We have attributed ILVA Residua's remaining residual indebtedness as of the end of 1997 to AST based on the proportion of assets assigned to AST to the total viable assets assigned to AST, ILP, and other ILVA operations which were privatized, as appropriate, and considered this amount as debt forgiveness. For the final determination, we intend to examine further the liquidation of ILVA Residua's assets as well as any liquidation costs that might not have been accounted for in the EC monitoring process.

We treated the debt forgiveness to AST as a non-recurring grant because it was a one-time, extraordinary event. The discount rate we used in our grant formula included a risk premium based on our determination that ILVA was uncreditworthy in 1993. (For purposes of the final determination we will examine the issue of whether it is more appropriate to analyze the creditworthiness of AST rather than ILVA in 1993.) We followed the methodology described in the *Change in Ownership* section above to determine the amount appropriately allocated to AST after its privatization and subsequent changes in ownership. We divided this amount by AST's total sales during the POI. Accordingly, we determine the estimated net subsidy to be 3.47 percent *ad valorem* for AST.

D. Law 796/76: Exchange Rate Guarantees

Law 796/76 established a program to minimize the risk of exchange rate fluctuations on foreign currency loans. All firms that had contracted foreign currency loans from the European Coal and Steel Community (ECSC) or the Council of Europe Resettlement Fund (CER) could apply to the Ministry of the Treasury (MOT) to obtain an exchange rate guarantee. The MOT, through the Ufficio Italiano di Cambi (UIC), calculated loan payments based on the lira-foreign currency exchange rate in effect at the time the loan was approved. The program established a floor and ceiling for exchange rate fluctuations, limiting the maximum fluctuation a borrower would face to two percent. If the lira depreciated against the foreign currency, AST was still able to purchase foreign currency at the established ceiling rate, and the UIC would absorb a loss in the amount of the difference between the ceiling rate and the actual rate. If the lira appreciated against the foreign currency, the UIC would realize a gain in the amount of the difference between the floor rate and the actual rate.

This program was terminated effective July 10, 1992, by Decree Law 333/92. However, the exchange rate guarantees continue on any loans outstanding after that date. AST had two outstanding ECSC loans during the POI that benefitted from these guarantees. Arinox did not receive foreign exchange rate guarantees under this program.

We preliminarily determine that this program constitutes a countervailable subsidy within the meaning of section 771(5) of the Act. This program provides a financial contribution, as described in section 771(5)(D)(i) of the Act, to the extent that the lira depreciates against the foreign currency beyond the two percent band. When this occurs, the borrower receives a benefit in the amount of the difference between the two percent floor and the actual exchange rate.

The GOI did not provide information regarding the types of the enterprises that have used this program. However, we have previously found the steel industry to be a dominant user of the exchange rate guarantees provided under Law 796/76. Therefore, we preliminarily determine that the program is specific under section 771(5A)(D) of the Act. *See Final Affirmative Countervailing Duty Determination: Small Diameter Circular Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe From Italy*, 60 FR 31996 (June 19, 1995).

Once a loan is approved for exchange rate guarantees, access to foreign exchange at the established rate is automatic and occurs at regular intervals throughout the life of the loan. Therefore, we have treated benefits under this program as recurring grants. The benefit was calculated as the difference between the total payment due (*i.e.,* the sum of interest, principal, and any guarantee fees paid by AST) in foreign currency converted at the current exchange rate minus the total payment due in foreign currency at the established (ceiling) rate. We divided this amount by AST's total sales during the POI. Accordingly, we determine the countervailable subsidy to AST for this program to be 0.86 percent *ad valorem*.

E. Law 675/77

Law 675/77 was designed to provide GOI assistance in the restructuring and reconversion of Italian industries. There are six types of assistance available under this law: (1) grants to pay interest on bank loans; (2) mortgage loans provided by the Ministry of Industry (MOI) at subsidized interest rates; (3) grants to pay interest on loans financed by IRI bond issues; (4) capital grants for the South; (5) VAT reductions on capital good purchases for companies in the South; and (6) personnel retraining grants. During the POI, AST had two outstanding loans financed by IRI bond issues for which it received interest contributions from the GOI. Arinox did not receive assistance under this program.

Under Law 675/77, IRI issued bonds to finance restructuring measures of companies within the IRI group. The proceeds from the sale of the bonds were then re-lent to IRI companies. During the POI, AST had two outstanding loans financed by IRI bond issues for which the effective interest rate was reduced by interest contributions made by the GOI. In addition to interest contributions on these variable rate long-term loans, the GOI also made other financial contributions relating to ''expenses'' associated with the loans.

We preliminarily determine that these loans constitute a countervailable subsidy within the meaning of section 771(5) of the Act. These loans provided a financial contribution as described in section 771(5)(D)(i) of the Act.

With regard to specificity, a number of different industrial sectors have received benefits under Law 675/77. However, in *Electrical Steel from Italy*, the Department determined that assistance under this law was specific because the steel industry was a dominant user of the program (the steel industry received 34 percent of the benefits). *See Electrical Steel from Italy*, 59 FR at 18361. In the instant proceeding, the GOI submitted additional information regarding the distribution of benefits under this

program. While it is unclear whether this information reflects the distribution of benefits at the time the subsidies in question were given, the new information is nevertheless consistent with our previous finding of specificity. Therefore, we preliminarily find the program to be specific.

To measure the benefit from these loans, we compared the benchmark interest rate to the amounts paid by AST on these loans during the POI. We divided the resulting difference by AST's total sales during the POI. Accordingly, we determine the estimated net subsidy from this program to be 0.04 percent *ad valorem* for AST.

F. Law 488/92

Law 488/92 provides grants for industrial projects in depressed regions of Italy. The subsidy amount is based on the location of the investment and the size of the enterprise. The funds used to pay benefits under this program are derived in part from the GOI and in part from the Structural Funds of the EU. To be eligible for benefits under this program, the enterprise must be located in one of the regions in Italy identified in EU Objectives 1, 2 or 5b. Arinox received assistance under this program because it is located in an economically depressed region, AST did not.

We preliminarily determine that this program constitutes a countervailable subsidy within the meaning of section 771(5) of the Act. This program provides a financial contribution, as described in section 771(5)(D)(i) of the Act. Because assistance is limited to enterprises located in certain regions, we preliminarily determine that the program is specific under section 771(5A)(D) of the Act.

Under this program Arinox received one grant, disbursed in two tranches during the POI. We have treated benefits under this program as non-recurring because each grant requires separate government approval. The benefit to Arinox was calculated as the sum of the two tranches provided. Because this sum is greater than 0.5 percent of Arinox's sales, we allocated the benefit over Arinox's AUL. We divided the benefit allocated to the POI by Arinox's total sales during the POI. Accordingly, we determine the countervailable subsidy to Arinox for this program to be 0.12 percent *ad valorem*.

EC Programs

A. ECSC Article 54 Loans

Article 54 of the 1951 ECSC Treaty established a program to provide industrial investment loans directly to the iron and steel industries to finance modernization and the purchase of new equipment. Eligible companies apply directly to the EU for up to 50 percent of the cost of an industrial investment project. The Article 54 loan program is financed by loans taken out by the European Union, which are then refinanced at slightly higher interest rates than those at which the EU obtained them. AST had two long-term, fixed-rate loans outstanding during the POI under this program. Arinox did not receive loans under this program.

We preliminarily determine that these loans constitute a countervailable subsidy within the meaning of section 771(5) of the Act. This program provides a financial contribution, as described in section 771(5)(D)(i) of the Act. The Department has found Article 54 loans to be specific in several proceedings, including *Electrical Steel from Italy,* 59 FR at 18362, and *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Italy,* 58 FR 37327, 37335 (July 9, 1993), because loans under this program are provided only to iron and steel companies. The EU has also indicated on the record of this investigation that Article 54 loans are for steel undertakings. Therefore, we preliminarily determine that this program is specific.

AST had two long-term, fixed-rate loans outstanding during the POI, each one denominated in a foreign currency. Consistent with *Electrical Steel from Italy,* 59 FR at 18362, we have used the lira-denominated interest rate discussed in the *Subsidies Valuation Information* section of this notice as our benchmark interest rate. The interest rate charged on one of AST's two ECSC loans was lowered part way through the life of the loan. Therefore, for the purpose of calculating the benefit, we have treated this loan as if it were contracted on the date of this rate adjustment. We used the outstanding principal as of that date as the new principal amount, to which the new, lower interest rate applied. As our interest rate benchmark, we used the long-term, lira-based rate in effect on the date of the downward rate adjustment.

To calculate the benefit under this program, we employed the Department's standard long-term loan methodology. We calculated the grant equivalent and allocated it over the life of each loan. We followed the methodology described in the *Change in Ownership* section above to determine the amount appropriately allocated to AST after its privatization and subsequent changes in ownership. We divided this benefit by AST's total sales during the POI. Accordingly, we determine the countervailable subsidy to AST for these two loans together to be 0.06 percent *ad valorem*.

B. European Social Fund

The European Social Fund (ESF), one of the Structural Funds operated by the EU, was established to improve workers' opportunities through training and to raise their standards of living throughout the Community by increasing their employability. Like other EU Structural Funds, there are five different Objectives (sub-programs) identified under ESF: Objective 1 covers projects located in underdeveloped regions, Objective 2 addresses areas in industrial decline, Objective 3 relates to the employment of persons under 25, Objective 4 funds training for employees in companies undergoing restructuring, and Objective 5 pertains to agricultural areas.

During the POI, AST received ESF assistance under Objectives 2 and 4, and Arinox received assistance under Objective 2. In the case of AST, the Objective 2 funding was to retrain production, mechanical, electrical maintenance, and technical workers, and the Objective 4 funding was to train AST's workers to increase their productivity. Arinox stated that the grants it received were for worker training.

The Department considers worker training programs to provide a countervailable benefit to a company when the company is relieved of an obligation it would have otherwise incurred. *See Final Affirmative Countervailing Duty Determination: Certain Pasta (''Pasta'') From Italy,* 61 FR 30287, 30294 (June 14, 1996) (*Pasta From Italy*). Since companies normally incur the costs of training to enhance the job-related skills of their own employees, we preliminarily determine that this ESF funding relieves AST and Arinox of obligations they would have otherwise incurred.

Therefore, we preliminarily determine that the ESF grants received by AST and Arinox are countervailable within the meaning of section 771(5) of the Act. The ESF grants are a financial contribution as described in section 771(5)(D)(i) of the Act which provide a benefit to the recipient in the amount of the grant.

Consistent with prior cases, we have examined the specificity of the funding under each Objective separately. *See Wire Rod from Italy,* 63 FR at 40487. In this case, the Objective 2 grants received by AST and Arinox were funded by the EU, the GOI, and the regional government of Umbria acting through the provincial government of Terni for AST and the regional government of

Liguria for Arinox. In *Pasta From Italy,* 61 FR at 30291, the Department determined that Objective 2 funds provided by the EU and the GOI were regionally specific because they were limited to areas within Italy which are in industrial decline. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding. Regarding funding provided by the regional governments, neither government provided information on the distribution of its grants under Objective 2. Therefore, since these governments failed to cooperate to the best of their ability by not supplying the requested information on the distribution of grants under Objective 2, we are assuming for purposes of this preliminary determination, as adverse facts available under section 776(b) of the Act, that the funds provided by the provincial governments of Terni and Liguria are also specific.

In the case of Objective 4 funding, the Department has determined in past cases that the EU portion is *de jure* specific because its availability is limited on a regional basis within the EU. The GOI funding was also determined to be *de jure* specific because eligibility is limited to the center and north of Italy (non-Objective 1 regions). *See Wire Rod from Italy,* 63 FR at 40487. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

The Department normally considers the benefits from worker training programs to be recurring. *See GIA,* 58 FR at 37255. However, consistent with the Department's determination in *Wire Rod from Italy,* 63 FR at 40488, that these grants relate to specific, individual projects, we have treated these grants as non-recurring grants because each required separate government approval. Because the amount of funding for each of AST's projects was less than 0.5 percent of AST's sales in the year of receipt, we have expensed these grants received in the year of receipt. Two of AST's grants were received during the POI. For these grants, we divided this benefit by AST's total sales during the POI and calculated a benefit of 0.01 percent *ad valorem* for ESF Objective 2 funds and 0.03 percent *ad valorem* for ESF Objective 4 funds.

Arinox received ESF Objective 2 grants in 1991 and 1992. Because the amount of funding for each of Arinox's projects project was more than 0.5 percent of Arinox's sales in the year of receipt, we have allocated these grants over its AUL. In allocating Arinox's benefits, we used the appropriate discount rate which corresponded to the year in which the funds were approved by the GOI. Accordingly, we determine the countervailable subsidy under the ESF Objective 2 program for Arinox to be 0.34 percent *ad valorem.*

II. Programs Preliminarily Determined to be Not Countervailable

A. AST Participation in the THERMIE Program

The EU provided funds to AST for the development of a demonstration project (pilot plant) through an EU program promoting research and development in the field of non-nuclear energy (THERMIE). The objective of the THERMIE program is to encourage the development of efficient, cleaner, and safer technologies for energy production and use. The THERMIE program is part of a larger program categorized under the EU's Fourth Framework Programme which covers activities in research and technological development from 1994–1998. Arinox did not receive funds from this program.

The objective of AST's demonstration plant is to reduce energy consumption in the production of stainless steel by eliminating some of the traditional production steps through the adoption of ''strip casting'' technology. In *Italian Plate,* as well as in the instant proceeding, the EU has requested noncountervailable (green light) treatment for this project as a research and development subsidy under section 771(5B)(B)(ii)(II) of the Act.

In *Italian Plate,* 63 FR at 47252, the Department preliminarily determined that the THERMIE program did not merit green light treatment because it did not meet the statutory requirement that ''the instruments, equipment, land or buildings be used exclusively and permanently (except when disposed on a commercial basis) for the research activity'' (*see* section 771(5B)(B)(i) of the Act). No new information has been submitted on the record in the instant proceeding to warrant a reconsideration of this finding.

However, in *Italian Plate,* we did not have sufficient information to determine if the technology and the demonstration plant provided a benefit to subject merchandise. Furthermore, we did not have information on the distribution of project funds by industry or by company for the year in which AST's project was approved.

In the instant proceeding, it is clear that the project does have applications to the subject merchandise. Also, in this proceeding, the EU has submitted information on the distribution of assistance under the THERMIE program for 1995 and 1996. Based on the information on the record, there is no indication that this program is *de jure* specific. Additionally, based on an examination of the distribution information, it appears that the program benefitted a large number of users in different industries, and that neither AST nor the steel industry received a disproportionate share of the benefits (*see* Memorandum to Susan Kuhbach from Case Analysts, dated November 9, 1998.) Therefore, we preliminarily determine that the THERMIE program is not specific within the meaning of section 771(5A)(D) of the Act and, consequently, not countervailable.

III. Programs for Which We Need More Information

GOI Programs

A. Law 10/91

In its October 9 response, AST stated that it received a grant under Law 10/91 in a year prior to the POI.

Law 10/91 is designed to provide grants to fund energy conservation projects. Companies seeking assistance under this program can apply under Article 8, 10, 11, 12, 13, or 14 of the Law. According to the GOI, aid under articles 8, 10, and 13 is limited to the autonomous regions and the provinces of Trento and Bolzano, while aid under articles 11, 12, and 14 is available throughout Italy. AST received its grant under article 12.

In its October 23 response, the GOI provided a description and certain usage information regarding this program. Because we did not seek additional clarifying information on specificity prior to our preliminary determination, we intend to do so prior to our final determination. After we collect additional information and conduct verification, we will prepare an analysis memorandum addressing the countervailability of this program, and provide all parties an opportunity to comment on our analysis. However, we note that even if this program were found to be specific, the grant received by AST was less than 0.5 percent of AST's sales in the year of receipt. Therefore, the benefit would be expensed in the year of receipt and no benefit would be allocated to the POI.

IV. Programs Preliminarily Determined To Be Not Used

A. Pre-Privatization Employment Benefits (Law 451/94)

Law 451/94 authorized early retirement packages for Italian steel workers from 1994–1996. The program,

as described by the GOI, was designed to comply with the EC's reorganization of the iron and steel industry, specifically in regards to reducing productive capacity. The law entitled men of at least 50 years of age and women of 47 years of age with at least 15 years of pension contributions to retire early. AST and Arinox employees made use of this program during the three years of the program.

In *Wire Rod from Italy,* we determined that Italian companies such as AST and Arinox could not simply lay off workers, but instead would be required to provide early retirement assistance to them. Hence, we reviewed other GOI programs that would be widely used by Italian companies in order to determine what obligations AST and Arinox would have to their workers who retired early in the absence of Law 451. In *Wire Rod from Italy,* we determined that the *Cassa Integrazione Guadagni* (CIG)-Extraordinary program provided the best benchmark for Law 451. Like Law 451, CIG-Extraordinary addresses workers whose companies are restructuring, reorganizing, and/or downsizing.

New information submitted on the record in the instant proceeding indicates that a different program, ''CIG-Mobility,'' provides a more appropriate benchmark to Law 451. Like CIG-Extraordinary, CIG-Mobility was not developed for particular Italian industries and is used by a wide variety of them. However, whereas CIG-Extraordinary addresses temporary layoffs, CIG-Mobility is designed to address assistance to workers who are being permanently laid off. Because Law 451 also addresses an employees' permanent separation from the company, we preliminarily determine that CIG-Mobility is a more appropriate benchmark to determine what costs AST and Arinox would have incurred in laying off employees had they not been able to take advantage of Law 451.

Under CIG-Mobility, a company must make a final payment to the employee upon the employees' departure from the company. Since employees at AST and Arinox were eligible to use Law 451 from 1994–1996 only, the companies would have incurred the payments to the employees under the benchmark program prior to the POI. Because it is the Department's practice to treat early retirement benefits as recurring grants which are expensed in the year of receipt, the companies did not incur costs under the benchmark program during the POI. *See GIA,* 58 FR at 37226. Therefore, Law 451 does not provide a financial contribution during the POI which relieves AST and Arinox of costs that they otherwise would incur if they participated in more broadly used early retirement programs.

B. Benefits from the 1982 Transfer of Lovere and Trieste to Terni (called Benefits Associated With the 1988–90 Restructuring in the *Initiation Notice*)

C. Decree Law 120/89: Recovery Plan for the Steel Industry

D. Law 181/89: Worker Adjustment and Redevelopment Assistance

E. Law 345/92: Benefits for Early Retirement

F. Law 706/85: Grants for Capacity Reduction

G. Law 46/82: Assistance for Capacity Reduction

H. Loan to KAI for Purchase of AST

I. Debt Forgiveness: 1981 Restructuring Plan

J. Law 675/77: Mortgage Loans, Personnel Retraining Aid and VAT Reductions

K. Law 193/84: Interest Payments, Closure Assistance and Early Retirement Benefits

L. Law 394/81: Export Marketing Grants and Loans

M. Law 341/95 and Circolare 50175/95

N. Law 227/77: Export Financing and Remission of Taxes

EC Programs

A. ECSC Article 56 Conversion Loans, Interest Rebates and Redeployment Aid

B. European Regional Development Fund

C. Resider II Program and Successors

D. 1993 EU Funds

Verification

In accordance with section 782(i)(1) of the Act, we will verify the information submitted by the respondents prior to making our final determination.

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated an individual rate for each company investigated. Because the rate for Arinox is *de minimis,* and the Department does not include *de minimis* rates in the calculation of the all-others rate, AST's rate also will serve as the all-others rate. We preliminarily determine that the total estimated net countervailable subsidy rate is 6.11 percent *ad valorem* for AST and 0.46 percent *ad valorem* for Arinox.

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of stainless steel sheet and strip from Italy, which are entered or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of the merchandise in the amounts listed above. Since the estimated preliminary net countervailing duty rate for Arinox is *de minimis*, it will be excluded from the suspension of liquidation. The suspension will remain in effect until further notice.

ITC Notification

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

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

Public Comment

In accordance with 19 CFR 351.310, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing is tentatively scheduled to be held 57 days from the date of publication of this preliminary determination, at the U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., Washington, DC 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Requests for a public hearing should contain: (1) the party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. An interested party may make an affirmative presentation only on arguments included in that party's case brief and may make a rebuttal presentation only on arguments

included in that party's rebuttal brief. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

In addition, six copies of the business proprietary version and six copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than 50 days from the publication of this notice. As part of the case brief, parties are encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Six copies of the business proprietary version and six copies of the nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 55 days from the publication of this notice. Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

This determination is published pursuant to sections 703(f) and 777(i) of the Act.

Dated: November 9, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–30738 Filed 11–16–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

Export Trade Certificate of Review

ACTION: Notice of Issuance of an Amended Export Trade Certificate of Review, Application No. 87–13A04.

SUMMARY: The Department of Commerce has issued an amendment to the Export Trade Certificate of Review granted originally to The Association for Manufacturing Technology (''AMT'') on May 19, 1987. Notice of issuance of the Certificate was published in the **Federal Register** on May 22, 1987 (52 FR 19371).

FOR FURTHER INFORMATION CONTACT: Morton Schnabel, Director, Office of Export Trading Company Affairs, International Trade Administration, (202) 482–5131. This is not a toll-free number.

SUPPLEMENTARY INFORMATION: Title III of the Export Trading Company Act of 1982 (15 U.S.C. Sections 4001–21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. The regulations implementing Title III are found at 15 CFR Part 325 (1998).

The Office of Export Trading Company Affairs (''OETCA'') is issuing this notice pursuant to 15 CFR 325.6(b), which requires the Department of Commerce to publish a summary of a Certificate in the **Federal Register**. Under Section 305(a) of the Act and 15 CFR 325.11(a), any person aggrieved by the Secretary's determination may, within 30 days of the date of this notice, bring an action in any appropriate district court of the United States to set aside the determination on the ground that the determination is erroneous.

Description of Amended Certificate:

Export Trade Certificate of Review No. 87–00004, was issued to The Association for Manufacturing Technology on May 19, 1987 (52 FR 19371, May 22, 1987) and previously amended on December 11, 1987 (52 FR 48454, December 22, 1987); January 3, 1989 (54 FR 837, January 10, 1989); April 20, 1989 (54 FR 19427, May 5, 1989); May 31, 1989 (54 FR 24931, June 12, 1989); May 29, 1990 (55 FR 23576, June 11, 1990); June 7, 1991 (56 FR 28140, June 19, 1991); November 27, 1991 (56 FR 63932, December 6, 1991); July 20, 1992 (57 FR 33319, July 28, 1992); May 10, 1994 (59 FR 25614, May 17, 1994); December 1, 1995 (61 FR 13152, March 26, 1996); October 11, 1996 (61 FR 55616, October 28, 1996; and May 6, 1998 (63 FR 31738, June 10, 1998).

AMT's Export Trade Certificate of Review has been amended to:

1. Add the following companies as new ''Members'' of the Certificate within the meaning of section 325.2(1) of the Regulations (15 C.F.R. 325.2(1)): DT Industries, Inc., Springfield, MO; Motoman, Inc., West Carrollton, OH; and Precision Industrial Automation, Inc., Cincinnati, OH;

2. Delete Banner Welder, Inc.; Crouch Machinery, Inc.; Danly-Komatsu, L.P.; and J. M. Montgomery Manufacturing, Inc. as ''Members'' of the Certificate; and

3. Change the listing of the company name for the current ''Members'' cited in this paragraph to the new listing cited in parenthesis as follows: M T R Ravensburg, Inc. (Machine Tool Research, Inc.) and Buffalo Forge Company (Buffalo Machine Tools of Niagara, Inc.).

A copy of the amended certificate will be kept in the International Trade Administration's Freedom of Information Records Inspection Facility, Room 4102, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

Dated: November 10, 1998.

Morton Schnabel,

Director, Office of Export Trading Company Affairs.

[FR Doc. 98–30630 Filed 11–16–98; 8:45 am]

BILLING CODE 3510–DR–P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

Manufacturing Extension Partnership National Advisory Board; Notice of Renewal

In accordance with the provisions of the Federal Advisory Committee Act, 5 U.S.C. App. 2, and the General Services Administration (GSA) rule on Federal Advisory Committee Management, 41 CFR Part 101–6, and after consultation with GSA, the Secretary of Commerce has determine that the renewal of the Manufacturing Extension Partnership National Advisory Board is in the public interest in connection with the performance of the duties imposed on the Department by law.

The Committee was first established in October 1996 to advise MEP regarding their programs, plans, and policies. In renewing the Board, the Secretary has established it for an additional two years. During the next two years, the Board plans to study the variety of business models that the centers have adopted to deliver services within their local markets; look at the program evaluation metrics and its effect on center operations and impact; and address ways that the Board can raise awareness of MEP and build stronger relationships with programs that have complimentary missions.

The Board will consist of nine members to be appointed by the Director of the National Institute of Standards and Technology to assure a balanced membership that will represent the views and needs of customers, providers, and others involved in industrial extension throughout the United States.

The Board will function solely as an advisory body and in compliance with the provisions of the Federal Advisory Committee Act. Copies of the Board's revised charter will be filed with the appropriate committees of the Congress and with the Library of Congress.

Inquiries or comments may be directed to Linda Acierto, Assistant to the Director for Policy, Manufacturing Extension Partnership, National Institute of Standards and Technology, Gaithersburg, Maryland, 20899; telephone: 301–975–5020.