occurred and the subsequent assessment of double antidumping duties.

This administrative review and notice are in accordance with sections 751(a)(1) and 777 (i)(1) of the Act.

Dated: May 3, 2002

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 02–11770 Filed 5–9–02; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[C–427–815]

Stainless Steel Sheet and Strip in Coils from France: 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 is conducting an administrative review of the countervailing duty order on stainless steel sheet and strip in coils from France for the period January 1, 2000, through December 31, 2000. We have preliminarily determined that Ugine SA, the sole producer/exporter covered by this review, has received countervailable subsidies during the period of review.

Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: May 10, 2002.

FOR FURTHER INFORMATION CONTACT: Suresh Maniam, Group I, Office 1, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–0176.

SUPPLEMENTARY INFORMATION:

Applicable Statute and Regulations

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''). Unless otherwise indicated, all citations to the Department's regulations are to the regulations codified at 19 CFR Part 351 (2001).

Case History

The Department published the countervailing duty order on stainless steel sheet and strip in coils from France on August 6, 1999 (A*mended Final Determination: Stainless Steel Sheet and Strip in Coils From the Republic of Korea; and Notice of Countervailing Duty Orders: Stainless Steel Sheet and Strip in Coils from France, Italy, and the Republic of Korea,* 64 FR 42923 (August 6, 1999)). On August 1, 2001, the Department published a notice of ''Opportunity to Request Administrative Review'' of this countervailing duty order for calendar year 2000 (*Notice of Opportunity to Request Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation,* 66 FR 39729). We received a review request from Ugine SA (''Ugine'') and we initiated this review on October 1, 2001 (*Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part,* 66 FR 49924 (October 1, 2001)).

On October 26, 2001, we issued countervailing duty questionnaires to the Commission of the European Union (''EC''), the Government of France (''GOF''), and Ugine. We received responses to our questionnaires on December 20, 2001 (EC), and January 8, 2002 (GOF and Ugine). On February 25, 2002, the petitioners, Allegheny Ludlum Corporation, AK Steel, Inc., North American Stainless, United Steelworkers of America, AFL-CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization, filed comments on the responses received from the GOF and Ugine. We issued a supplemental questionnaire to Ugine on March 5, 2002, and received Ugine's responses on April 2, and April 22, 2002.

Scope of the Review

The products covered by this countervailing duty order 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 4.75 mm 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 covered by this order is currently classifiable in the *Harmonized Tariff Schedule of the United States* (''HTSUS'') at the following 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 HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise under investigation is dispositive.

Excluded from the scope of this order 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, with a prepared edge, rectangular in shape, of a width of not more than 9.5 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 23 mm 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).

Also excluded from the scope of this order are:

Flapper Valve Steel: Flapper valve steel is defined as stainless steel strip in coils 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 between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Suspension Foil: Suspension foil is a specialty steel product used 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 microns, with a thickness tolerance of plus-or-minus 2.01 microns, 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. The material must exhibit residual stresses of 2 mm maximum deflection and flatness of 1.6 mm over 685 mm length.

Certain Stainless Steel Foil for Automotive Catalytic Converters: This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent Magnet Iron-chromium-cobalt Alloy Stainless Strip: 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 228.6 mm or less, and a thickness between 0.127 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 under proprietary trade names such as ''Arnokrome III.''[1]

Certain Electrical Resistance Alloy Steel: 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 under proprietary trade names such as ''Gilphy 36.''[2]

Certain Martensitic Precipitation-hardenable Stainless Steel: This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500–grade steel, and contains, by weight, 11 to 13 percent chromium and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[3]

Three Specialty Stainless Steels Typically Used in Certain Industrial Blades and Surgical and Medical Instruments: These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives)[4]. This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent, and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6.''[5]

Period of Review

The period of review (''POR'') for which we are measuring subsidies is January 1, 2000, through December 31, 2000.

Attribution of Subsidies

Ugine has filed its response on behalf of Usinor and all of Usinor's affiliates involved in the manufacture, production or exportation of the subject merchandise. These affiliates are: Ugine SA, Imphy Ugine Precision, Ugine France Service, Sollac Mediterrannee, Usinor Packaging, Sollac Lorraine, Sollac Atlantique, CARLAM, G. Fer, IRSID, and Usinor Stainless. Usinor holds a majority interest in all of these companies. Therefore, in accordance with 19 CFR 351.525(b)(6)(iii), we have preliminarily attributed subsidies received by these companies to the total sales by Usinor of French-produced merchandise.

Changes in Ownership

On February 2, 2000, the U.S. Court of Appeals for the Federal Circuit (''CAFC'') in *Delverde Srl v. United States*, 202 F.3d 1360, 1365 (Feb. 2, 2000), *reh'g en banc denied*, 2000 U.S. App. LEXIS 15215 (June 20, 2000) (''*Delverde III*''), rejected the Department's change-in-ownership methodology as explained in the *General Issues Appendix*[6]. The CAFC held that ''the Tariff Act, as amended, does not allow Commerce to presume conclusively that the subsidies granted to the former owner of Delverde's

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

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

[3] ''Durphynox 17''is a trademark of Imphy, S.A.

[4] This list of uses is illustrative and provided for descriptive purposes only.

[5] ''GIN4 Mo,''''GIN5'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

[6] *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria*, 58 FR 37217, 37225 (July 9, 1993).

corporate assets automatically 'passed through' to Delverde following the sale. Rather, the Tariff Act requires that Commerce make such a determination by examining the particular facts and circumstances of the sale and determining whether Delverde directly or indirectly received both a financial contribution and benefit from the government.'' *Id.* at 1364.

Pursuant to the CAFC's finding, the Department developed a new change-in-ownership methodology, first announced in a remand determination on December 4, 2000. This new methodology was also applied in remand determinations resulting from remand orders in *Allegheny-Ludlum Corp., et al v. United States,* No. 99–09–00566 (''*Allegheny-Ludlum I*'') and *GTS Industries S.A. v. United States*, No. 00–03–00118 (''GTS I''). (*See Final Results of Redetermination Pursuant to Court Remand: Allegheny-Ludlum Corp., et al v. United States,* No. 99–09–00566 (December 20, 2000) and *Final Results of Redetermination Pursuant to Court Remand: GTS Industries S.A. v. United States,* No. 00–03–00118 (December 22, 2000).) In *Allegheny-Ludlum I,* the CAFC was reviewing the final determination which gave rise to the countervailing duty order covered by this review. In both of the cited remand determinations, the Department examined the privatization of Usinor and found that the pre-privatization subsidies continued to benefit subject merchandise exported to the United States after Usinor's privatization.

Ugine argues that in *Allegheny Ludlum Corp. v. United States,* Slip Op. 02–01 (Ct. Int'l Trade Jan. 4, 2002) (''*Allegheny Ludlum II*''), the Court of International Trade (''CIT'') rejected as unlawful the change-in-ownership test applied by the Department in the *Allegheny Ludlum I* remand determination. We note, however, that the CIT has remanded this issue to the Department again in *Allegheny Ludlum II* and that the results of our redetermination have not yet been filed with the CIT. Consequently, the CIT's ruling in *Allegheny Ludlum II* is not final. Thus, we have continued to apply the same change-in-ownership methodology that we employed in the *Allegheny Ludlum I* remand determination in these preliminary results.

The first step under this methodology is to determine whether the legal person (entity) to which the subsidies were given is, in fact, distinct from the legal person that produced the subject merchandise exported to the United States. If we determine the two persons are distinct, we then analyze whether a subsidy has been provided to the purchasing entity as a result of the change-in-ownership transaction. If we find, however, that the original subsidy recipient and the current producer/exporter are the same person, then that person benefits from the original subsidies, and its exports are subject to countervailing duties to offset those subsidies. In other words, we will determine that a ''financial contribution'' and a ''benefit'' have been received by the ''person'' under investigation. Assuming that the original subsidy has not been fully amortized under the Department's normal allocation methodology as of the POI, the Department would then continue to countervail the remaining benefits of that subsidy.

In making the ''person'' determination, where appropriate and applicable, we analyze factors such as (1) continuity of general business operations, including whether the successor holds itself out as the continuation of the previous enterprise, as may be indicated, for example, by use of the same name, (2) continuity of production facilities, (3) continuity of assets and liabilities, and (4) retention of personnel. No single factor will necessarily provide a dispositive indication of any change in the entity under analysis. Instead, the Department will generally consider the post-sale person to be the same person as the pre-sale person if, based on the totality of the factors considered, we determine the entity in question can be considered a continuous business entity because it was operated in substantially the same manner before and after the change in ownership.

Usinor's Privatization

Up until the time of Usinor's privatization, Usinor was owned (directly or indirectly) by the GOF. Usinor was privatized beginning in July 1995, when the GOF and Clindus offered the vast majority of their shares in the company for sale. Clindus was a subsidiary of Credit Lyonnais, which at that time was controlled by the GOF. After the privatization and, in particular, by the end of calendar year 1997, 82.28 percent of Usinor's shares were held by private shareholders who could trade them freely. Usinor's employees owned 5.16 percent of Usinor's shares; Clindus, 2.5 percent; and, the GOF, 0.93 percent. The remaining 14.29 percent of Usinor's shares were held by the so-called ''Stable Shareholders.'' According to Usinor's 2000 annual report, the government-owned Electricite de France continues to own 3.6 percent of Usinor's shares.

In analyzing whether the producer of merchandise subject to this investigation is the same business entity as pre-privatization Usinor, we have examined whether Usinor continued the same general business operations, retained production facilities, assets and liabilities, and retained the personnel of the pre-privatization Usinor. Based on our analysis, we have concluded that the privatized Usinor is, for all intents and purposes, the same person as the GOF-owned steel producer of the same name which existed prior to the privatization. Consequently, the subsidies bestowed on Usinor prior to its 1995 privatization are attributable to present-day Usinor and continue to benefit the subject merchandise during the POR.

1. Continuity of General Business Operations

Usinor produced the same products and remained the same corporation at least since the late 1980s. In 1987, Usinor became the holding company for the French steel groups, Usinor and Sacilor (the GOF had majority ownership of both Usinor and Sacilor since 1981). Usinor's principal businesses covered flat products, stainless steel and alloys, and specialty products. In 1994, these three product groups were produced by three subsidiaries: Sollac, Ugine and Aster (respectively). This same structure continued after Usinor's privatization in 1995. Usinor's organizational chart during the period of investigation shows the same three major products being produced by the same three subsidiaries.

In 1994 (prior to the privatization), flat products contributed 55 percent of consolidated sales, while stainless and specialty products contributed 20 and 18 percent, respectively. In the years following privatization (1995 -2000), flat carbon steels continued to contribute 49 - 58 percent of Usinor's consolidated net sales. Sales of stainless and alloy, and specialty steel accounted for 23 - 25 percent, and 19 - 21 percent, respectively, during the years 1995 - 1997. Since then, sales of the stainless, alloy, and specialty steel have been combined in Usinor's annual report and a separate category has been reported for ''processing and distribution.'' The combined sales of stainless, alloy and specialty steel ranged from 21 - 28 percent of Usinor's consolidated net sales over the period 1998 - 2000, while processing and distribution ranged from 6 - 18 percent over the same period. In

1999, Usinor divested itself of its specialty steels business.

We have also examined whether post-privatization Usinor held itself out as the continuation of the previous enterprise (*e.g.*, by retaining the same name). In this instance, Usinor retained its same name and there is no indication that the privatized company held itself out as anything other than a continuation of pre-privatization Usinor.

The continuity of Usinor's business operations is also reflected in Usinor's customer base. Prior to privatization, the automobile industry was a principal purchaser of Usinor's output, accounting for approximately 30 percent of Usinor's sales in 1994. In 1997 and 2000, the automobile industry was still Usinor's major customer (36 percent of Usinor's sales in 1997 and 38 percent in 2000). The construction industry has continued as the second largest purchaser: 26 percent in 1994, 23 percent in 1997, and 15 percent in 2000.

2. Continuity of Production Facilities

Neither product lines nor production capacity changed as a result of the privatization, except those changes that occurred in an ongoing manner in the ordinary course of business. No facilities or production lines were added or eliminated specifically as a result of the sale. As is clear from a comparison of the Prospectus for the 1995 privatization and Usinor's 1997 Annual Report, steel production facilities have remained intact. The company has continued to focus on an ''all steel'' strategy, engaging in all aspects of the steel production process and produces a wide variety of steel products. Finally, Usinor's steel production facilities did not change their physical locations.

3. Continuity of Assets and Liabilities

Usinor was sold intact, with all of its assets and liabilities. While the GOF continued to own a small percentage of Usinor's shares, there is no indication that it retained any of Usinor's assets or liabilities.

4. Retention of Personnel

Usinor's Articles of Incorporation changed as a result of the privatization, and the new Articles of Incorporation specified new procedures for electing the Board of Directors. New directors were elected to the Board under the new procedures. However, Usinor's Chairman and Chief Executive Officer remained the same before and after the privatization. Similarly, Usinor's workforce did not change.

Therefore, based on the facts and our analysis of a variety of relevant factors, once privatized, Usinor continued to operate, for all intents and purposes, as the same person that existed prior to the privatization and, thus, the pre-privatization subsidies continued to benefit Usinor even under private ownership.

Use of Facts Available

Sections 776(a)(2)(A) and (B) of the Act require the use of facts available when an interested party withholds information requested by the Department, or when an interested party fails to provide information required in a timely manner and in the format requested. In selecting from among facts available, section 776(b) of the Act provides that the Department may use an inference adverse to the interests of a party if the Department determines that the party has failed to cooperate to the best of its ability. Such adverse inference may include reliance on information derived from (1) the petition; (2) a final determination in a countervailing duty or an antidumping duty investigation; (3) any previous administrative review, new shipper review, expedited antidumping review, section 753 review, or section 762 review; or (4) any other information placed on the record. *See* section 776(b) of the Act; *see also*, 19 CFR 351.308(a), (b), and (c).

Sections 782(d) and 782(e) of the Act require the Department to inform a respondent if there are deficiencies in its responses and allow it a reasonable time to correct these deficiencies before the Department applies facts available. Even if the information provided is deficient, if it is usable without undue difficulty, is timely, is verifiable, can serve as a reliable basis for reaching our determination, and if the party has cooperated to the best of its ability in providing responses to the Department's questionnaires, section 782(e) of the Act directs the Department not to decline to consider deficient submissions.

In this proceeding, the GOF did not provide information regarding the specificity of benefits under certain programs included under Investment/Operating Subsidies reported by Usinor. Instead, the GOF responded, ''this question is not readily answerable given the multiplicity of programs involved. The GOF will undertake to provide responsive information at verification.'' *See* GOF Questionnaire Response, dated January 8, 2002, at II–9. Similarly, the GOF was asked to provide this information in the investigation segment of this proceeding and elected not to do so. (*See Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from France,* 64 FR 30774, 30779 (June 8, 1999) (''*SSSS from France*'').) Thus, the GOF is aware of the specific information needed by the Department and apparently possesses responsive information, but has declined to provide it in response to our questionnaires.

In these circumstances, the Department has no alternative but to apply facts available, pursuant to section 776(a) of the Act. Further, we preliminarily determine that an adverse inference is warranted in applying facts available because the GOF elected not to provide information which it could provide and, hence, has not acted to the best of its ability. We do not believe that verification, if one is conducted, is the appropriate means for gathering this information.

Because the GOF did not provide information about these programs, including the distribution of benefits under the programs, the Department is unable to make specificity findings. Therefore, in applying adverse facts available, we preliminarily determine that these programs are *de facto* specific. (Our analysis of the financial contribution and benefit under these programs is discussed below under ''Investment/Operating Subsidies.'')

Subsidies Valuation Information

Allocation Period

Pursuant to 19 CFR 351.524(b), non-recurring subsidies are allocated over a period corresponding to the average useful life (''AUL'') of the renewable physical assets used to produce the subject merchandise. Section 351.524(d)(2) of the regulations creates a rebuttable presumption that the AUL will be taken from the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System (''the IRS Tables''). For stainless steel sheet and strip in coils, the IRS Tables prescribe an AUL of 15 years.

In order to rebut the presumption in favor of the IRS tables, the challenging party must show that the IRS tables do not reasonably reflect the company-specific AUL or the country-wide AUL for the industry in question, and that the difference between the company-specific or country-wide AUL and the IRS tables is significant. 19 CFR 351.524(d)(2)(i). For this difference to be considered significant, it must be one year or greater. 19 CFR 351.524(d)(2)(ii).

In this proceeding, Usinor has calculated a company-specific AUL of 12 years. We note, however, that the one allocable subsidy received by Usinor and attributed to Ugine, FIS Bonds, has previously been allocated over a company-specific AUL of 14 years. The

14–year AUL was calculated in a remand determination involving the *Final Affirmative Countervailing Duty Determination: Certain Steel Products from France,* 58 FR 37304 (July 9, 1993) (''*French Certain Steel*'') and was subsequently used to allocate this same subsidy in *SSSS from France* (64 FR at 30778) and *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From France,* 64 FR 73277, 73280 (December 29, 1999) (''*French Plate*''). Because the 14–year AUL was calculated using company-specific information and the information is more contemporaneous with the bestowal of the subsidy in question than the information underlying Usinor's 12–year calculation, we have continued to use the 14–year AUL to allocate the benefits of the FIS bonds in this proceeding.

For non-recurring subsidies to Usinor, we applied the ''0.5 percent expense test'' described in 19 CFR 351.524(b)(2). Under this test, we compare the amount of subsidies approved under a given program in a particular year to sales (total or export, as appropriate) in that year. If the amount of subsidies is less than 0.5 percent of sales, the benefits are allocated to the year of receipt rather than over the AUL period.

Equityworthiness and Creditworthiness

In *French Certain Steel* and *SSSS from France,* we found Usinor to be unequityworthy from 1986 through 1988 and uncreditworthy from 1982 through 1988. No new information has been presented in this review to warrant a reconsideration of these findings. Therefore, based upon these previous findings of unequityworthiness and uncreditworthiness, in this review, we continue to find Usinor unequityworthy and uncreditworthy from 1987 through 1988, the years relevant to this investigation.

Benchmarks for Loans and Discount Rates

As discussed above, we have determined that Usinor was uncreditworthy in 1988, the only year in which it received a countervailable subsidy which is being allocated over time.

In accordance with 19 CFR 351.524(d)(3)(ii), the discount rate for companies considered uncreditworthy is the rate described in 19 CFR 351.505(a)(3)(iii). To calculate that rate, the Department must specify values for four variables: (1) the probability of default by an uncreditworthy company; (2) the probability of default by a creditworthy company; (3) the long-term interest rate for creditworthy borrowers; and (4) the term of the debt.

For the probability of default by an uncreditworthy company, we have used the average cumulative default rates reported for the Caa- to C-rated category of companies as published in Moody's Investors Service, ''Historical Default Rates of Corporate Bond Issuers, 1920–1997'' (February 1998). For the probability of default by a creditworthy company, we used the cumulative default rates for investment grade bonds as published in Moody's Investor Services: ''Statistical Tables of Default Rates and Recovery Rates'' (February 1998). For the commercial interest rate charged to creditworthy borrowers, we used the average of the following long-term interest rates: medium-term credit to enterprises, equipment loan rates as published by the OECD, cost of credit rates published in the *Bulletin of Banque de France,* and private sector bond rates as published by the International Monetary Fund. For the term of the debt, we used the AUL period for Usinor, as the equity benefits are being allocated over that period.

To measure the benefit from reimbursable advances received by Usinor, we relied on an average long-term interest rate developed in *SSSS from France* for 1989, and on Usinor's company-specific borrowing rate for 1995.

I. Programs Preliminarily Determined to Be Countervailable

A. FIS Bonds

The 1981 Corrected Finance Law granted Usinor the authority to issue convertible bonds. In 1983, the Fonds d'Intervention Sidérurgique (''FIS''), or steel intervention fund, was created to implement that authority. In 1983, 1984, and 1985, Usinor issued convertible bonds to the FIS, which in turn, with the GOF's guarantee, floated the bonds to the public and to institutional investors. These bonds were converted to common stock in 1986 and 1988.

In several previous cases, the Department has treated these conversions of Usinor's FIS bonds into equity as countervailable equity infusions. *See French Certain Steel,* 58 FR at 37307; *French Plate,* 64 FR at 73282; *SSSS from France,* 64 FR at 30779; and *Final Affirmative Countervailing Duty Determinations: Certain Hot Rolled Lead and Bismuth Carbon Steel Products From France,* 58 FR 6221, 6224 (January 27, 1997). These equity infusions were limited to Usinor and were, therefore, specific within the meaning of section 771(5A)(D)(i) of the Act. Also, these equity infusions provided a financial contribution to Usinor within the meaning of section 771(5)(D)(i) of the Act. Finally, because Usinor was unequityworthy at the time of the infusions, we determined that Usinor received a benefit in the amount of the investments.

No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our past findings. Therefore, we determine that a countervailable benefit is being bestowed on the subject merchandise. Because the final year of the benefit stream for the 1986 infusion was 1999, *i.e.*, prior to this POR, we determine that there is no countervailable benefit to the subject merchandise in this POR for the 1986 conversion. Thus, only the 1988 equity infusion continues to provide a benefit in the POR.

We have determined that the 1988 equity infusion should be treated as a non-recurring subsidy pursuant to 19 CFR 351.507(c). Because Usinor was uncreditworthy in 1988 (see section above on ''Subsidies Valuation Information: Equityworthiness and Creditworthiness''), we used an uncreditworthy discount rate to allocate the benefit of the equity infusion.

In French Plate, we attributed separately to Usinor and GTS Industries S.A. their relative portions of the benefits from the equity infusion. 64 FR at 73282. We have continued to do so in this proceeding. We note, however, that the amount attributed to the respective companies differs from the amounts in *French Plate.* This is because of the revisions to the Department's change-in-ownership methodology since the *French Plate* determination.

Dividing the POR benefit attributed to Usinor by Usinor's total sales of French-produced merchandise during the POR, we preliminarily determine Usinor's net subsidy rate for this program to be 1.13 percent ad valorem.

B. Investment/Operating Subsidies

During the period 1987 through the POR, Usinor received a variety of small investment and operating subsidies from various GOF agencies and from the European Coal and Steel Community (''ECSC''). These subsidies were provided to Usinor for research and development, projects to reduce work-related illnesses and accidents, projects to combat water pollution, etc. The subsidies are classified as investment, equipment, or operating subsidies in the company's accounts, depending on how the funds are used.

In *SSSS from France* and *French Plate*, the Department determined that the funding provided to Usinor by the water boards (*les agences de l'eau*) and certain work/training grants were not countervailable. *See* 64 FR at 30779, 30782; 64 FR at 73282. Consistent with these previous cases, the Department has not included these programs in this review.

For the remaining programs, we preliminarily determine that the investment and operating subsidies provide a financial contribution, as described in section 771(5)(D)(i) of the Act, and a benefit, as described in section 771(5)(E)(i) of the Act. Also, as discussed above under ''Use of Facts Available,'' we preliminarily determine that these investment and operating subsidies are specific within the meaning of section 771(5A)(D) of the Act. Therefore, consistent with *SSSS from France*, 64 FR at 30779, and *French Plate*, 64 FR at 73282, we determine that these investment and operating subsidies are countervailable subsidies.

The investment and operating subsidies provided in years prior to 1999 were already determined to be less than 0.5 percent of Usinor's sales of French-produced merchandise in the relevant year and expensed in the years in which they were received (*see SSSS from France,* 64 FR at 30780, and *French Plate,* 64 FR at 73283). The amount of investment and operating subsidies in 1999 was also less than 0.5 percent of Usinor's sales of French-produced merchandise in 1999. Therefore, this benefit was also expensed in the year of receipt (1999), in accordance with 19 CFR 351.524 (b)(2).

To calculate the benefit received during the POR, we divided the subsidies received by Usinor in the POR by Usinor's total sales of French-produced merchandise during the POR. Accordingly, we preliminarily determine Usinor's net subsidy rate for this program to be 0.16 percent ad valorem.

II. Programs Preliminarily Determined To Be Not Countervailable

A. Loans With Special Characteristics (PACS)

In SSSS from France, we determined that Usinor received a countervailable subsidy as a result of the GOF's 1986 conversions of PACS into common shares of Usinor. Because the final year of the benefit stream for this subsidy was 1999, *i.e.*, prior to this POR, we determine that there is no countervailable benefit to the subject merchandise in the POR.

B. Shareholders' Advances

In *SSSS from France,* we determined that Usinor received a countervailable subsidy as a result of shareholder advances made by the GOF in 1984 - 1986. Because the final year of the benefit streams for these advances was 1999, prior to this POR, we determine that there is no countervailable benefit to the subject merchandise in the POR.

C. Electric Arc Furnace

In *SSSS from France*, we explained that the GOF had agreed to provide Usinor with reimbursable advances to support the company's efforts to increase the efficiency of the melting process, the first stage in steel production. Because the first disbursements were not to be made until 1998, i.e., after the POI in *SSSS from France,* the Department found no benefit during the POI. (*See SSSS from France,* 64 FR at 30780). In *French Plate,* the Department also found no benefit during the POI (1998), because the reimbursable advance was treated as a loan and no payment would be due on the loan until 1999. (*See French Plate,* 64 FR at 73284)

In the instant review, Usinor has reported that it received reimbursable advances under this program in 1998 and 1999, and that the program was phased out in 1999 and 2000. These advances were approved in 1995 and they are to be repaid in 2002 and 2005, respectively.

We divided the total amount approved by the GOF for this project by Usinor's total sales of French-produced merchandise in 1995, the year the reimbursable advances were approved. The result was less than 0.5 percent. Therefore, even if these reimbursable advances were treated as grants, they would be expensed prior to the POR. Alternatively, we have calculated the possible benefit to Usinor if the reimbursable advances were treated as zero-interest long-term loans. The benefit (when rounded to the nearest hundredth) is zero during the POR.

Therefore, we have not analyzed these reimbursable advances further and preliminarily determine that they do not confer a countervailable benefit on the subject merchandise during the POR.

D. Funding for Myosotis Project

In *SSSS from France,* we explained that Usinor received grants and reimbursable advances from the GOF to fund the Myosotis project. We found that the amounts received by Usinor between 1989 and 1993 were properly expensed in the years of receipt and, hence, that there was no countervailable subsidy to the subject merchandise from these grants. We also found that Usinor has received a reimbursable advance from the GOF in support of the Myosotis project in 1997. We viewed the reimbursable advance as a loan and found no countervailable benefit from the 1997 reimbursable advance during the 1997 POI. (*See SSSS from France*, 64 FR at 30780) In *French Plate,* we also found no countervailable benefit from the 1997 reimbursable advance. (*See French Plate,* 64 FR at 73283) In the instant review, Usinor has responded that it received a second reimbursable advance in 1999.

The reimbursable advances provided by the GOF to support the Myosotis project were approved in 1995. The advances were to be repaid in 1999 and 2001, respectively.

We divided the total amount approved by the GOF for this project by Usinor's total sales of French-produced merchandise in 1995, the year the reimbursable advances were approved. The result was less than 0.5 percent. Therefore, even if these reimbursable advances were treated as grants, they would be expensed prior to the POR. Alternatively, we have calculated the possible benefit to Usinor if the reimbursable advances were treated as zero-interest long-term loans. The benefit (when rounded to the nearest hundredth) is zero during the POR.

Therefore, we have not analyzed these reimbursable advances further and preliminarily determine that they do not confer a countervailable benefit on the subject merchandise during the POR.

E. Conditional Advances

In*SSSS from France*, we explained that Usinor received a conditional advance from the GOF in connection with a project aimed at developing a new type of steel used in the production of catalytic converters. Payments were received by Usinor in 1992 and 1995. Repayment of the conditional advance was contingent upon sales of the product resulting from the project exceeding a set amount. In *SSSS from France,* we found that no repayment had been made and we treated the advance as a countervailable short-term, interest-free loan. In this review, Usinor has responded that it repaid a portion of the conditional advance in November 1999, and that the balance remained outstanding in the POR.

Assuming the conditional advance was approved in either 1991 or 1992, we divided the total amount received by Usinor's total sales of French-produced merchandise in each of those years. The result in both instances was less than 0.5 percent. Therefore, even if the conditional advance were treated as a grant, it would have been expensed prior to the POR. Alternatively, we have calculated the possible benefit to Usinor if the outstanding amount of the conditional advance were treated as a zero-interest long-term loan. The benefit (when rounded to the nearest hundredth) is zero during the POR.

Therefore, we have not analyzed the conditional advance further and preliminarily determine that it does not confer a countervailable benefit on the subject merchandise during the POR.

III. Programs Preliminarily Determined to Be Not Used

Based on the information provided in the responses, we determine that neither Usinor nor its affiliated companies that produce subject merchandise received benefits under the following programs during the POI:

A. ESF Grants

In *SSSS from France* and *French Plate,* we found that certain Usinor companies had received grants under the European Social Fund (''ESF'') for worker training, and that the grants provided countervailable subsidies. Normally, the Department treats benefits from worker training programs to be recurring (see 19 CFR 351.524(c)(1)). However, we have found in several cases that ESF grants relate to specific, individual projects that require separate approval and, hence, should be treated as non-recurring grants. *See, e.g., SSSS from France,* 64 FR at 30781.

Because ESF grants are non-recurring subsidies and potentially allocable over time, we reviewed *SSSS from France* and *French Plate* regarding past disbursements to Usinor under this program. In *SSSS from France,* we determined that ESF grants received in 1995 and 1997 were less than 0.5 percent of Ugine's sales in those years. Hence, the benefits of those ESF grants were expensed in the years of receipt. *See SSSS from France,* 64 FR at 30781. In *French Plate,* an ESF grant received in 1998 by CLI, an Usinor subsidiary, was also expensed in the year of receipt.

In this review, Usinor has stated that any ESF grants received by the Usinor companies in 1999 would be included among the investment and operating subsidies reported in Usinor's financial statement. Because we find, for 1999, that these subsidies were less than 0.5 percent of Usinor's total sales of French-produced merchandise in 1999, any benefits in 1999 would have been expensed in 1999.

Therefore, we determine that ESF grants received by Usinor and it affiliates prior to the POR do not confer a countervailable benefit on the subject merchandise during the POR. Moreover, Usinor has responded that it did not receive any ESF grants during the POR.

B. Export Financing under Natexis Banque Programs
C. DATAR Regional Development Grants (PATs)
D. DATAR 50 Percent Taxing Scheme
E. DATAR Tax Exemption for Industrial Expansion
F. DATAR Tax Credit for Companies Located in Special Investment Zone
G. DATAR Tax Credits for Research
H. GOF Guarantees
I. Long-term Loans from CFDI
J. Resider I and II Programs
K. Youthstart
L. ECSC Article 54 Loans
M. ECSC Article 56(2)(b) Redeployment/ Readaptation Aid
N. ERDF Grants

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated an individual subsidy rate for Ugine. For the period January 1, 2000, through December 31, 2000, we preliminarily determine Ugine's net subsidy rate to be 1.29 percent. The calculations will be disclosed to the interested parties in accordance with section 351.224(b) of the regulations.

If the final results of this review remain the same as these preliminary results, the Department intends to instruct the U.S. Customs Service (''Customs'') to collect cash deposits of estimated countervailing duties at the rate of 1.29 percent on the f.o.b. value of all shipments of the subject merchandise from Ugine that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review.

For companies that were not named in our notice initiating this administrative review, we will instruct Customs to collect cash deposits of estimated countervailing duties at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to non-reviewed companies covered by this order are those established in the *Amended Final Determination: Stainless Steel Sheet and Strip in Coils From the Republic of Korea; and Notice of Countervailing Duty Orders: Stainless Steel Sheet and Strip in Coils from France, Italy, and the Republic of Korea.* These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

While the countervailing duty deposit rate for Ugine may change as a result of this administrative review, we have been enjoined from liquidating any entries of the subject merchandise after August 6, 1999. Consequently, we do not intend to issue liquidation instructions for these entries until such time as the injunction, issued on December 22, 1999, is lifted.

Public Comment

Interested parties may submit written arguments in case briefs within 30 days of the date of publication of this notice. 19 CFR 351.509(c). Rebuttal briefs, limited to issues raised in case briefs, may be filed not later than five days after the date of filing the case briefs. Parties who submit briefs in this proceeding should provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f).

Interested parties may request a hearing within 30 days after the date of publication of this notice. Any hearing, if requested, will be held two days after the scheduled date for submission of rebuttal briefs. 19 CFR 351.310(c).

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 19 CFR 351.309(c)(ii), are due.

The Department will publish a notice of the final results of this administrative review within 120 days from the publication of these preliminary results.

This administrative review and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

DATED: May 3, 2002

Faryar Shirzad,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[Docket No. 970424097–1069–06]

RIN 0625–ZA05

Market Development Cooperator Program

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of funding availability.