particular product(s), in accordance with 19 CFR 355.47(a) of the *Proposed Regulations.*

Final Results of Reviews

For the period April 1, 1991 through March 31, 1992, we determine the total net subsidy on live swine from Canada to be Can$0.0601 per kilogram. For the period April 1, 1992 through March 31, 1993, we determine the total net subsidy on live swine from Canada to be Can$0.0613 per kilogram. For the period April 1, 1993 through March 31, 1994, we determine the total net subsidy on live swine from Canada to be Can$0.0106 per kilogram.

The Department will instruct the U.S. Customs Service to assess countervailing duties of Can$0.0601 per kilogram on shipments of live swine from Canada exported on or after April 1, 1991 and on or before March 31, 1992, Can$0.0613 per kilogram on shipments of live swine from Canada exported on or after April 1, 1992 and on or before March 31, 1993, and Can$0.0106 per kilogram on shipments of live swine from Canada exported on or after April 1, 1993 and on or before March 31, 1994.

The Department will also instruct the U.S. Customs Service to collect a cash deposit of estimated countervailing duties of Can$0.0106 per kilogram on shipments of all live swine from Canada entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice.

This notice serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 355.34(d). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

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

Dated: September 25, 1996.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96–25648 Filed 10–4–96; 8:45 am]

BILLING CODE 3510–DS–P

[C–122–404]

Live Swine From Canada; Preliminary Results of Countervailing Duty Administrative Review

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

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

SUMMARY: The Department of Commerce (''the Department'') is conducting an administrative review of the countervailing duty order on live swine from Canada. For information on the net subsidy for all producers covered by this order, see the *Preliminary Results of Review* section of this notice. If the final results remain the same as these preliminary results of administrative review, we will instruct the U.S. Customs Service to assess countervailing duties as detailed in the *Preliminary Results of Review* section of this notice. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: October 7, 1996.

FOR FURTHER INFORMATION CONTACT: Stephanie Moore, Cameron Cardozo, Brian Albright or Norma Curtis, Office of Countervailing Duty/Antidumping Enforcement VI, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–2849 or (202) 482–2786.

SUPPLEMENTARY INFORMATION:

Background

On August 15, 1985, the Department published in the Federal Register (50 FR 32880) the countervailing duty order on live swine from Canada. On August 1, 1995, the Department published a notice of ''Opportunity to Request Administrative Review'' (60 FR 39150) of this countervailing duty order. We received timely requests for review and we initiated the review, covering the period April 1, 1994 through March 31, 1995, on September 15, 1995 (60 FR 47930).

As explained in the notice of initiation, the Department has determined that it is not practicable to conduct a company-specific review of this order because a large number of producers and exporters requested the review. Therefore, pursuant to section 777(e)(2)(B) of the Tariff Act of 1930, as amended (the Act), we are conducting a review of all producers and exporters of subject merchandise covered by this order on the basis of aggregate data. This review covers 33 programs.

On May 1, 1996, we extended the period for completion of the preliminary and final results pursuant to section 751(a)(3) of the Act (*see Live Swine from Canada; Extension of Time Limit for Countervailing Duty Administrative Review,* 61 FR 19261). As explained in the memoranda from the Assistant Secretary for Import Administration to the File, dated November 22, 1995, and January 11, 1996 (on file in the Central Records Unit (CRU), Room B–099 of the Main Commerce Building), all deadlines were further extended to take into account the partial shutdowns of the Federal Government from November 15 through November 21, 1995, and December 15, 1995, through January 6, 1996. Therefore, the deadline for these preliminary results is no later than September 27, 1996, and the deadline for the final results of this review is no later than 180 days from the date on which these preliminary results are published in the Federal Register.

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 Department is conducting this administrative review in accordance with section 751(a) of the Act. References to the *Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comments,* 54 FR 23366 (May 31, 1989) (*1989 Proposed Regulations*), are provided solely for further explanation of the Department's countervailing duty practice. Although the Department has withdrawn the particular rulemaking proceeding pursuant to which the *1989 Proposed Regulations* were issued, the subject matter of these regulations is being considered in connection with an ongoing rulemaking proceeding which, among other things, is intended to conform the Department's regulations to the URAA. *See Advance Notice of Proposed Rulemaking and Request for Public Comments,* 60 FR 80 (January 3, 1995); *Antidumping Duties; Countervailing Duties: Notice of Proposed Rulemaking and Request for Public Comments,* 61 FR 7308 (February 27, 1996).

Scope of the Review

On August 29, 1996, the *Final Results of Changed Circumstances Countervailing Duty Administrative Review, and Partial Revocation* were published (61 FR 45402), in which we revoked the order, in part, effective

April 1, 1991, with respect to slaughter sows and boars and weanlings (weanlings are swine weighing up to 27 kilograms or 59.5 pounds) from Canada, because this portion of the order was no longer of interest to domestic interested parties. As a result, the merchandise now covered by this order is live swine, except U.S. Department of Agriculture-certified purebred breeding swine, slaughter sows and boars, and weanlings, as defined above, from Canada. The merchandise subject to the order is classifiable under the *Harmonized Tariff Schedule* (HTS) item numbers 0103.91.00 and 0103.92.00. The HTS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

Verification

As provided in section 782(i) of the Act, we verified information submitted in the questionnaire responses. We followed standard verification procedures, including meeting with government officials and examination of relevant accounting and financial records and other original source documents. Our verification results are outlined in the public version of the *Verification Report,* which is on file in the CRU.

Allocation Methodology

In the past, the Department has relied upon information from the U.S. Internal Revenue Service (IRS) on the industry-specific average useful life of assets in determining the allocation period for nonrecurring grant benefits. *See General Issues Appendix* appended to *Final Countervailing Duty Determination; Certain Steel Products from Austria* (58 FR 37063, 37226; July 9, 1993). However, in *British Steel plc.* v. *United States,* 879 F. Supp. 1254 (CIT 1995) (*British Steel*), the U.S. Court of International Trade (the Court) ruled against this allocation methodology. In accordance with the Court's remand order, the Department calculated a company-specific allocation period for nonrecurring 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. *British Steel,* 929 F. Supp. 426, 439 (CIT 1996).

The Department has decided to acquiesce to the Court's decision and, as such, we intend to determine the allocation period for nonrecurring subsidies using company-specific AUL data where reasonable and practicable. In this proceeding, the Department preliminarily determines that it is not reasonable and practicable to allocate nonrecurring grants using company-specific AUL data because it is not possible to apply a company-specific AUL in an aggregate case (such as the case at hand). On August 23, 1996, we requested comments on what the appropriate allocation methodology should be in an aggregate case. On September 3, 1996, we received one response from the National Pork Producers Council, petitioners, which urged the Department to continue using the three-year period set out in the IRS tax tables. Accordingly, the Department is using the original allocation period assigned to each grant. We invite the parties to comment on the selection of this methodology and provide any other reasonable and practicable approaches for complying with the Court's ruling.

Calculation Methodology for Assessment and Cash Deposit Purposes

For the period of review (POR), we calculated the net subsidy on a country-wide basis by first calculating the subsidy rate for each province subject to the administrative review. We then weight-averaged the rate received by each province using as the weight the province's share of total Canadian exports to the United States of subject merchandise. We summed the individual provinces' weight-averaged rates to determine the subsidy rate from all programs benefitting exports of the subject merchandise to the United States.

Analysis of Programs

I. Programs Conferring Subsidies

A. Programs Previously Determined to Confer Subsidies

1. Federal Program

Feed Freight Assistance Program

The Feed Freight Assistance Program (FFA) is administered by the Livestock Feed Board of Canada (the Board) under the Livestock Feed Assistance Act of 1966 (LFA). The Board acts to ensure: (1) the availability of feed grain to meet the needs of livestock feeders; (2) the availability of adequate storage space in Eastern Canada to meet the needs of livestock feeders; (3) reasonable stability in the price of feed grain in Eastern Canada to meet the needs of livestock feeders; and (4) equalization of feed grain prices to livestock feeders in Eastern Canada, British Columbia, the Yukon Territory and the Northwest Territories. Although this program is clearly designed to benefit livestock feeders, FFA payments are also made to grain mills that transform the feed grain into livestock feed whenever these mills are the first purchasers of this grain. The Board makes payments related to the cost of feed grain storage in Eastern Canada, and payments related to the cost of feed grain transportation to, or for the benefit of, livestock feeders in Eastern Canada, British Columbia, the Yukon Territory and the Northwest Territories, in accordance with the regulations of the LFA.

In *Live Swine from Canada; Preliminary Results of Countervailing Duty Administrative Review* (55 FR 20812; May 21, 1990) and *Live Swine from Canada; Final Results of Countervailing Duty Administrative Review* (56 FR 10410; March 12, 1991) (*Swine Second and Third Review Results*), the Department found this program *de jure* specific and thus countervailable because, based on the language of the LFA, benefits are only available to a specific group of enterprises or industries (livestock feeders and feed mills). Subsequently, a U.S.-Canada Free Trade Agreement (FTA) binational panel (*See In the Matter of Live Swine From Canada,* USA–91–1904–04 (June 11, 1993) at 33–36)) affirmed the Department's determination in *Live Swine from Canada; Preliminary Results of Countervailing Duty Administrative Review* (56 FR 29224) (June 26, 1991), and *Live Swine from Canada; Final Results of Countervailing Duty Administrative Review* (56 FR 50560; October 7, 1991) (*Swine Fifth Review Results*), regarding the countervailability of this program. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

To determine the FFA benefit in the POR, we used the methodology applied in *Live Swine from Canada; Preliminary Results of Countervailing Duty Administrative Review* (58 FR 54112, 54114; October 20, 1993)), and *Live Swine from Canada; Final Results of Countervailing Duty Administrative Review* (59 FR 12243; March 16, 1994)) (*Swine Sixth Review Results*). We first divided the amount of feed transportation assistance to live swine producers by the total weight of live swine produced in the FFA-eligible areas of Canada during the POR. We then weight-averaged the benefit by the corresponding provinces' share of total Canadian exports of live swine to the United States. On this basis, we preliminarily determine the benefits from this program to be Can$0.0006 per kilogram for the POR.

2. Federal/Provincial Programs

National Tripartite Stabilization Scheme for Hogs

The National Tripartite Stabilization Program (NTSP) was created in 1985 by an amendment to the Agricultural Stabilization Act (ASA). This amendment, codified at section 10.1 of the ASA, provides for the introduction of cost-sharing tripartite or bipartite stabilization schemes involving the producer, the federal government, and the provinces. Pursuant to this amendment, federal and provincial ministers signed NTSP agreements covering specific commodities.

The general terms of the NTSP for Hogs are as follows: all participating hog producers receive the same level of support per market-hog unit; the cost of the scheme is shared equally between the federal government, the provincial government, and the producers; producer participation in the scheme is voluntary; the provinces may not offer separate stabilization plans or other *ad hoc* assistance for hogs (with the exception of Quebec's FISI program); the federal government may not offer compensation to swine producers in a province not party to an agreement; and the scheme must operate at a level that limits losses but does not stimulate over-production.

Stabilization payments are made when the market price falls below the calculated support price. The difference between the support price and the market price is the amount of the stabilization payment. Hogs eligible for stabilization payments under NTSP must index above 80 on a hog carcass grading scale.

In *Swine Sixth Review Results* (58 FR 54115), the Department determined that NTSP was de facto specific because benefits were being provided to a specific enterprise or industry or group thereof. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

During the POR payouts were made to producers from sales that occurred in earlier fiscal years. (*See Verification Report* dated September 23, 1996, at page 4). To calculate the benefit, we first divided two-thirds (representing the federal and provincial portions) of the payments made during the POR to producers in each province by the total weight of market hogs produced in that province during the POR, and calculated a benefit per kilogram on a province-by-province basis. We then weight-averaged each exporting province's per-kilo benefit by that province's share of total Canadian exports of market hogs to the United States.

NTSP Agreement Amendment No. 3 terminated the plan as of July 2, 1994, but allowed provinces to terminate their participation in the plan effective April 2, 1994. The plan, which terminated prior to its originally scheduled termination date of December 31, 1995, ended with a surplus. Under the terms of the NTSP, this surplus was to be distributed in equal shares (33.3 percent) among the federal and provincial governments and the producers, because each was to have contributed one-third of the funds.

During verification, we examined the NTSP—Hogs Schedule of Operations (Schedule of Operations) which showed the federal and provincial governments' and the producers' contributions to the NTSP Hog Plan for the period January 1986 through May 29, 1996. This Schedule of Operations showed that the federal government contributed 36.6 percent and the producers and provinces contributed 31.7 percent each, of the total tripartite contributions during this ten-year period. Thus, the producers received a share of the surplus which is in excess of their actual contributions to the plan.

Accordingly, the Department preliminarily determines that the retroactive surplus payments constitute a benefit conferred under NTSP in the form of a grant to producers in the amount of the difference between what the producers actually are receiving, 33.3 percent of the surplus, and what they should have received, 31.7 percent of the surplus (the percentage producers actually contributed to NTSP). During the POR, producers received NTSP surplus payments in the following provinces which exported live swine: New Brunswick, Ontario, Manitoba, British Columbia, and Saskatchewan.

To calculate the subsidy, we subtracted the amount that the producer should have received (31.7 percent) from the amount that they actually received (33.3 percent). The difference is the amount of the grant. The Department's policy with respect to grants is (1) to expense recurring grants in the year of receipt, or (2) to allocate non-recurring grants over the average useful life of assets in the industry, unless the sum of grants provided under a particular program is less than 0.50 percent of a firm's total or export sales (depending on whether the program is a domestic or export subsidy) in the year in which the grants were received. (See section 355.49(a) of the *1989 Proposed Regulations* and the *General Issues Appendix*, at 37226). In determining whether a grant is recurring or non-recurring, we apply a test set out in the *General Issues Appendix* at 37226. We consider grants to be non-recurring if the benefits are exceptional, the recipient cannot expect to receive benefits on an ongoing basis from POR to POR, and the provision of funds by the government must be approved every year. In this case, while it is possible that some producers may receive additional residual benefits during a subsequent review period, these benefits would be exceptional rather than on an ongoing basis. Therefore, the Department preliminarily determines that this grant is non-recurring because the benefit is exceptional, and the recipient cannot expect to receive benefits on an ongoing basis.

However, because the amount received by live swine producers is less than 0.50 percent of the value of total live swine sales, we are allocating the benefit to the year of receipt. Therefore, we divided the benefit received by each province by the total weight of market hogs produced in that province. We used only the weight of market hogs because only market hogs were eligible to receive NTSP payments. We then weight-averaged the benefits by these provinces' share of total Canadian exports of market hogs to the United States during the POR. We then summed the benefit calculated for the residual payments and for the retroactive surplus. On this basis, we preliminarily determine the total benefit for the NTSP program to be Can$0.0172 per kilogram.

While the termination of the NTSP for Hogs constitutes a program-wide change, residual benefits may continue to be bestowed under this terminated program. For this reason, the cash deposit rate will not be adjusted as a result of the termination of this program. (19 CFR 355.50(1)(d) of the *1989 Proposed Regulations*).

3. Provincial Income Stabilization Programs

a. British Columbia Farm Income Insurance Program (FIIP)

The FIIP was established in 1979 in accordance with the Farm Income Insurance Act of 1973 (Farm Act) in order to assure income to farmers when commodity market prices fluctuate below the basic costs of production. Schedule B of the Farm Act lists the guidelines for the individual commodities receiving benefits; Schedule B section 4 is the guideline for swine producers.

The program is administered by the provincial Ministry of Agriculture and Food and the British Columbia

Federation of Agriculture and is funded equally by producers and the provincial government. Premiums are paid in all quarters regardless of market returns.

In *Swine Second and Third Review Results* (55 FR 20814), the Department found this program to be countervailable because the program is limited to producers of commodities listed in Schedule B, a specific group of enterprises or industries. No new information or evidence of changed circumstances has been submitted in these proceedings to warrant reconsideration of this finding.

Since the government of British Columbia funds one-half of this program, we calculated the benefit for the POR by dividing one-half of the total stabilization payments by the total weight of live swine produced in British Columbia. We then weight-averaged the result by British Columbia's share of total exports of live swine to the United States. On this basis, we preliminarily determine the benefit from this program to be less than Can$0.0001 per kilogram for the POR.

The FIIP was terminated effective July 2, 1994 to correspond with the termination of the NTSP for hogs. The last date for which a producer could claim benefits was June 30, 1994, and the last date by which payments could be received was December 31, 1994. Therefore, we consider this program terminated with no residual benefits and will not examine this program in the future. The termination of FIIP constitutes a program-wide change; and because there are no residual benefits, the cash deposit rate will be adjusted to zero for this program. (See 19 CFR 355.50(1)(d) of the 1989 *Proposed Regulations*).

b. Saskatchewan Hog Assured Returns Program (SHARP)

SHARP was established in 1976, pursuant to the Saskatchewan Agricultural Returns Stabilization Act which authorized provincial governments to establish stabilization plans for any agricultural commodity. SHARP provided income stabilization payments to hog producers in Saskatchewan when market prices fell below a designated ''floor price,'' calculated quarterly. The program was administered by the Saskatchewan Pork Producers' Marketing Board (the Board) on behalf of the Saskatchewan Department of Agriculture. The program was funded by levies from participating producers on the sale of hogs covered by the program; they ranged from 1.5 to 4.5 percent of market returns and were matched by the provincial government. When the balance in the SHARP account was insufficient to cover payments to producers, the provincial government provided financing on commercial terms. The principal and interest on these loans was to be repaid by the Board from the producer and provincial contributions. After the NTSP for Hogs was implemented on July 1, 1986, SHARP payments were reduced by the amount of the NTSP payments.

In *Swine First Review Results* (53 FR 22192, 22193), the Department found the SHARP program to be *de jure* specific, and thus countervailable, because the legislation expressly made the program available only to a single industry (hog producers). No new information or evidence of changed circumstances was submitted to warrant reconsideration of these findings.

In accordance with the NTSP agreement, SHARP was terminated on March 31, 1991. At the time of termination, the SHARP fund had a sizeable deficit because of the cumulation over the operating years of loans from the provincial government. During the 1993–94 POR, the government canceled the outstanding SHARP deficit. To calculate the benefit from the loan forgiveness, we treated one-half of the amount written off, plus interest accrued during the 1993–94 POR, as a grant in accordance with section 355.49(b)(1) of the *1989 Proposed Regulations.* We took into account only half of the amount because this was the share of the outstanding loans that the producers were responsible for repaying.

In *Live Swine from Canada; Notice of Preliminary Results of Countervailing Duty Administrative Reviews; Initiation and Preliminary Results of Changed Circumstances Review and Intent to Revoke Order in Part* (61 FR 26879; May 29, 1996) and *Live Swine from Canada; Final Results of Countervailing Duty Administrative Reviews,* which is being published concurrently with this notice (*Swine Seventh, Eighth, and Ninth*), the Department determined that the write-off of the SHARP deficit is a non-recurring grant because debt forgiveness is exceptional, and it is a one-time event. On this basis, we allocated the benefit from this grant over three years, which is the average useful life of depreciable assets used in the swine industry, as set out in the U.S. Internal Revenue Service Class Life Asset Depreciation Range System. We used, as a discount rate, the simple average of the monthly medium-term corporate bond rates (for the ninth POR, during which the write-off occurred) from the *Bank of Canada Review (1993–1994),* published by the Bank of Canada.

To calculate the benefit for the POR, we divided the benefit allocated to the POR under the grant allocation method by the total weight of market hogs produced in Saskatchewan during the POR to obtain the average benefit per kilogram. We then weight-averaged the per-kilogram benefit by Saskatchewan's share of total Canadian exports of market hogs to the United States during the POR. On this basis, we preliminarily determine the benefit to be Can$0.0028 per kilogram for the POR. While the termination of the SHARP constitutes a program-wide change, benefits from this terminated program will continue. For this reason, the cash deposit rate will not be adjusted as a result of the termination of this program. (19 CFR 355.50(1)(d) of the *1989 Proposed Regulations*).

4. Other Provincial Programs

a. Alberta Crow Benefit Offset Program (ACBOP)

This program, administered by the Alberta Department of Agriculture, is designed to compensate producers and users of feed grain for market distortions in feed grain prices, created by the federal government's policy on grain transportation. Assistance is provided for feed grain produced in Alberta, feed grain produced outside Alberta but sold in Alberta, and feed grain produced in Alberta to be fed to livestock on the same farm. The government provides ''A'' certificates to registered feed grain users and ''B'' certificates to registered feed grain merchants to use as partial payments for grain purchased from grain producers. Feed grain producers who feed their grain to their own livestock submit a Farm Fed Claim directly to the government for payment.

Hog producers receive benefits in one of three ways: hog producers who do not grow any of their own feed grain receive ''A'' certificates which are used to cover part of the cost of purchasing grain; hog producers who grow all of their own grain submit a Farm Fed Claim to the government of Alberta for direct payment; and hog producers who grow part of their own grain but also purchase grain receive both ''A'' certificates and direct payments.

In *Swine Second and Third Review Results* (56 FR 10412), the Department found this program to be *de jure* specific, and thus countervailable, because the legislation expressly makes it available only to a specific group of enterprises or industries (producers and users of feed grain). No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

To determine the benefit to swine producers from this program, we followed the methodology used in *Swine Seventh, Eighth and Ninth Review Results*. Using the Alberta *Supply and Disposition Tables*, we first estimated the quantity of grain consumed by livestock in Alberta during the POR. Then, we multiplied the number of swine produced in Alberta during the POR by the estimated average grain consumption per hog, and divided the result by the amount of total grains used to feed livestock during the POR. We thus calculated the percentage of total livestock consumption of all grains in Alberta attributable to live swine during the POR. We then multiplied this percentage by the total value of ''A'' certificates and farm-fed claim payments received by producers during the POR. We divided this amount by the total weight of live swine produced in Alberta during the POR. We then weight-averaged this per-kilo benefit by Alberta's share of total Canadian exports of live swine to the United States. On this basis, we preliminarily determine the benefit to be Can$0.0009 per kilogram for the POR.

ACBOP was terminated on March 31, 1994. Benefits for ''A'' certificates had to be claimed by June 30, 1994, and benefits tied to farm-fed grains had to be claimed by August 31, 1994. Most claims have been paid, but there are some claims still outstanding. (*See Verification Report* at page 41). While the termination of the ACBOP program constitutes a program-wide change, residual benefits will continue to be bestowed under this program. For this reason, the cash deposit rate will not be adjusted as a result of the termination of this program. (19 CFR 355.50(1)(d) of the *1989 Proposed Regulations*).

b. Ontario Livestock and Poultry and Honeybee Compensation Program

This program, administered by the Farm Assistance Programs Branch of the Ontario Ministry of Agriculture, Food, and Rural Affairs, provides assistance in the form of grants which compensate producers for livestock and poultry injured or killed by wolves, coyotes, or dogs. Swine producers apply for and receive compensation through the local municipal government. The Ontario Ministry of Agriculture, Food, and Rural Affairs reimburses the municipality.

In *Swine Fifth Review Results* (56 FR 29227), the Department found this program to be *de jure* specific, and thus countervailable, because the legislation expressly makes it available only to a specific group of enterprises or industries (livestock and poultry farmers). No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

To calculate the benefit, we used the methodology applied in *Swine Sixth Review Results* (58 FR 54119) and subsequent reviews. We divided the total payment to hog producers during the POR by the total weight of live swine produced in Ontario. We then weight-averaged the result by Ontario's share of Canadian exports of live swine to the United States during the POR. On this basis, we preliminarily determine the benefit from this program to be less than Can$0.0001 per kilogram for the POR.

c. Ontario Bear Damage to Livestock Compensation Program

This program, administered by the Farm Assistance Programs Branch of the Ontario Ministry of Agriculture, Food, and Rural Affairs, provides compensation for the destruction of, or injury to, certain types of livestock by bears. Swine producers apply for compensation through their local Ontario Ministry of Agriculture, Food, and Rural Affairs office. Local personnel then evaluate the damage and prepare a report. Based on this report and the farmer's application, the Livestock Commissioner may pay a grant to compensate for the amount of damage. Grants for damage to live swine cannot exceed Can$200 per head.

On January 14, 1991, during the fifth administrative review, petitioners submitted allegations of new programs, including the Bear Damage to Livestock Compensation Program, that may have provided countervailable benefits with respect to the production of live swine. However, in *Swine Fifth Review Results*, and subsequent reviews, the Department found this program not used. During the instant review, this program was used by producers of live swine. We preliminarily determine that this program is *de jure* specific, and thus countervailable, because the legislation expressly makes it available only to livestock producers, a specific group of enterprises or industries (cattle, goats, horses, sheep, swine, and poultry).

To calculate the benefit, we divided the total payment to hog producers during the POR by the total weight of live swine produced in Ontario. We then weight-averaged the result by Ontario's share of Canadian exports of live swine to the United States during the POR. On this basis, we preliminarily determine the benefit from this program to be less than Can$0.0001 per kilogram for the POR.

d. Ontario Export Sales Aid Program

The Ontario Export Sales Aid Program was established in 1987 to assist producers and processors of Ontario agricultural and food products to develop their export markets. This program is administered by the Ontario Ministry of Agriculture, Food and Rural Affairs which reimburses producers or processors for the costs they incur in developing their export marketing materials. Grants are made on a per-project basis, limited to two projects per producer or company, per fiscal year. The Ministry provides reimbursements for up to 50 percent of the project costs, with a maximum dollar amount. Producers submit a completed application form outlining the objectives of the market development plan, anticipated costs, and forecasted benefits to a review committee for approval. Upon approval, the producer or company receives the grant and initiates the project.

In *Swine Seventh, Eighth, and Ninth Review Results*, the Department determined this program to be a countervailable subsidy because receipt of benefits is contingent upon actual or anticipated exportation. The Department has also determined that these are non-recurring grants because the recipient cannot expect to receive benefits on an ongoing basis from review period to review period. In this review, because the amount received by live swine producers is less than 0.50 percent of the value of live swine exports from this province, we are allocating the benefit to the year of receipt.

To calculate the benefit received during the POR, we divided the total grant amount by the total weight of exports of live swine from Ontario during the POR. We then weight-averaged the result by Ontario's share of total exports of live swine to the United States during the POR. On this basis, we preliminarily determine the benefit from this program to be Can$0.0001 per kilogram.

e. Saskatchewan Livestock Investment Tax Credit

Saskatchewan's 1984 Livestock Tax Credit Act provides tax credits to individuals, partnerships, cooperatives, and corporations who owned and fed livestock marketed or slaughtered by December 31, 1989. Claimants had to be residents of Saskatchewan and pay Saskatchewan income taxes. Eligible claimants received credits of Can$3 for each hog. Although this program was terminated on December 31, 1989, tax credits are carried forward for up to seven years. In *Swine First Review Results* (53 FR 22198), the Department found this program to be *de jure* specific, and thus countervailable, because the program's legislation expressly made it available only to livestock producers. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

To calculate the benefit for the POR, we used the methodology applied in *Swine Sixth Review Results* (58 FR 54120) and subsequent reviews. In the questionnaire responses, the GOC provided estimates of the amount of tax credits used by hog producers in Saskatchewan during the POR, since the actual amounts cannot be determined. At verification, we reviewed the methodology used to calculate these estimates and found it reasonable and consistent with that used in prior reviews. (*See Verification Report* at page 37). We divided the amount of benefit by the total weight of live swine produced in Saskatchewan during the POR. We then weight-averaged the result by Saskatchewan's share of total exports of live swine to the United States. On this basis, we preliminarily determine the benefit from this program to be Can$0.0001 per kilogram for the POR.

f. Saskatchewan Livestock Facilities Tax Credit

This program, which was terminated on December 31, 1989, provided tax credits to livestock producers based on their investments in livestock production facilities. The tax credits can only be used to offset provincial taxes and may be carried forward for up to seven years. Livestock covered by this program includes cattle, horses, sheep, swine, goats, poultry, bees, fur-bearing animals raised in captivity, or any other designated animals; covered livestock can be raised for either breeding or slaughter. Investments covered under the program include new buildings, improvements to existing livestock facilities, and any stationary equipment related to livestock facilities. The program pays 15 percent of 95 percent of project costs, or 14.25 percent of total costs.

In *Swine Second and Third Review Results* (55 FR 20820), the Department found this program to be *de jure* specific, and thus countervailable, because the program's legislation expressly made it available only to livestock producers. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

To calculate the benefit, we used the methodology applied in *Swine Sixth Review Results* (58 FR 54121) and subsequent reviews. In the questionnaire responses, the GOC provided estimates of the amount of tax credits used by hog producers in Saskatchewan, since the actual amounts cannot be determined. At verification, we reviewed the methodology used to calculate these estimates and found it reasonable and consistent with that used in prior reviews. (*See Verification Report* at page 37). We divided the amount of benefit by the total weight of live swine produced in Saskatchewan during the POR. We then weight-averaged the result by Saskatchewan's share of total exports of live swine to the United States. On this basis, we preliminarily determine the benefit from this program to be Can$0.0001 per kilogram for the POR.

g. Saskatchewan Interim Red Meat Production Equalization Program

The Saskatchewan Interim Red Meat Production Equalization Program (IRMPEP), administered by the Saskatchewan Department of Agriculture and Food, was established by the Government of Saskatchewan (GOS) in November 1992. IRMPEP provides grants to livestock producers who raise and feed their livestock in Saskatchewan. In order to qualify for IRMPEP, producers must have sold a minimum number of the eligible livestock which includes steers, heifers and virgin bulls, cull cows, hogs, lambs, kid goats, and horses. Once the minimum number of eligible livestock has been sold, the producer fills out an application and, if the criteria are met, is automatically eligible to receive grants under this program.

In *Swine Seventh, Eighth, and Ninth Review Results,* the Department found this program *de jure* specific, and thus countervailable, because the program's legislation expressly limits its availability to a specific group of enterprises or industries (livestock producers). No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

The Department determined that these grants are recurring because the recipient can expect to receive benefits on an ongoing basis from POR to POR. (*See General Issues Appendix* (58 FR at 37226)). Therefore, to calculate the benefit, we have allocated the amounts of the grants to the year of receipt. Consequently, we divided the amount of IRMPEP grants to live swine producers for the POR by the total weight of live swine produced in Saskatchewan in the POR. We then weight-averaged the result by Saskatchewan's share of total exports of live swine to the United States during the POR. On this basis, we preliminarily determine the benefit from this program to be Can$0.0010 per kilogram for the POR.

Saskatchewan phased out the Interim Red Meat Production Equalization Program. The last date producers could apply for or claim benefits was November 30, 1994 and the last date that producers could receive benefits was March 31, 1995. Because IRMPEP has been terminated and there are no residual benefits being provided, the cash deposit rate will be adjusted to zero to reflect a program-wide change. (19 CFR 355.50(1)(d) of the *1989 Proposed Regulations*).

h. New Brunswick Livestock Incentives Program

This program, which operates under the Livestock Incentives Act, provides loan guarantees to livestock producers purchasing cattle, sheep, swine, foxes, and mink for breeding purposes, and for feeding and finishing livestock for slaughter. Loans, in amounts ranging from Can$1,000 to Can$90,000, are granted by commercial banks or credit unions and guaranteed by the Government of New Brunswick (GONB) to an individual, partnership, corporation or incorporated co-operative association engaged in farming in New Brunswick. Swine producers submit an application for a loan under this program to a bank. The bank evaluates the loan application based upon standard loan criteria and either approves or rejects the application. A consideration for obtaining the loan is the presentation to the GONB of a farm plan established at the time the loan is taken out. For loans given for the purchase of animals for breeding purposes, the term of the loan is not more than seven years and the first payment of the principal is due two years after the date on which the loan was given. For loans given for the purchase of animals for feeding purposes, the loan is due when the animals have been sold which shall not exceed a period of eighteen months. The interest rate for these loans is set at the prime rate plus one percentage point.

At the end of three years after loans are issued, the GONB may give 20 percent of the loan amount to the farmer in the form of a grant. To be eligible for this grant, the farmer had to have implemented, in a satisfactory manner, the farm plan established at the time the loan was taken out. The grant portion of this program has been terminated. Grants are not provided for loans given after July 15, 1992, but grants were still being provided during the POR.

In *Swine Second and Third Review Results* (55 FR 20817), the Department found this program to be specific because it is limited to livestock producers. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

In accordance with section 771(5)(E)(iii) of the Act, a benefit from a loan obtained with a government guarantee shall normally be treated as conferred ''if there is a difference, after adjusting for any difference in guarantee fees, between the amount the recipient of the guarantee pays on the guaranteed loan and the amount the recipient would pay for a comparable commercial loan if there were no guarantee by the authority''. While there are no guarantee fees, the recipients are paying interest at the rate of prime rate plus one percentage point. As we learned at verification, the predominant lending rates in Canada for comparable long-term variable-rate loans are based on the prime rate plus a one or two-point spread. (*See Verification Report* at pages 9 and 22.) Therefore, as our benchmark, we used the prime rate as published by the Bank of Canada in the *Bank of Canada Review,* Winter 1995–96 plus one and one half percentage point. This rate represents the simple average of the spread above prime charged by commercial banks on comparable loans. Comparing the benchmark interest rate to the interest rate charged on these loans, we preliminarily determine that the amount the recipient paid on these loans is less than the recipient would have paid on a comparable commercial loan.

We calculated the benefit from the loan portion of this program as follows. For loans outstanding during the POR, either without repayments or paid off during the POR, we followed the methodology described in section 355.49 (d) (1) of the *1989 Proposed Regulations.* For outstanding loans on which partial repayments were made during the POR, because no information was available on the timing of the repayment, we estimated the benefit by taking half of the interest amount that would have accrued during the POR, had no payment been made on the principal. Next, we divided the benefit from all outstanding loans by the total weight of live swine produced in New Brunswick during the POR. We then weight-averaged the benefit by New Brunswick's share of Canadian exports of live swine to the United States during the POR.

During the POR loans to live swine producers were written-off by the GONB under this program. We have added to the total amount of written-off loans, the amount of interest accrued from the beginning of the POR until the date on which the loans were written-off. (*See* section 355.44(k) of the *1989 Proposed Regulations.*) The Department preliminarily determines that the amount written off and interest accrued during the POR is a non-recurring grant because debt forgiveness is exceptional, and it is a one-time event. In addition, swine producers received grants under the grant portion of this program. We preliminarily determine that the grants received under this program are non-recurring because the recipient cannot expect to receive benefits on an ongoing basis from year to year. We summed the amount of the written-off loans and the amount of the grants. Because the result is less than 0.50 percent of the value of live swine sales from this province, we are allocating the benefit to the year of receipt. (*See General Issues Appendix* 58 FR 37226.) Therefore, we divided the total amount of the grants provided during the POR by the total weight of live swine produced in New Brunswick during the POR. We then weight-averaged the result by the New Brunswick's share of total exports of live swine to the United States during the POR

To calculate the total benefit to live swine producers under this program, we summed the weight-averaged benefit calculated for the loans and grants. On this basis, we preliminarily determine the total benefit from this program to be less than Can$0.0001 per kilogram for this POR.

i. New Brunswick Swine Industry Financial Restructuring and Agricultural Development Act—Swine Assistance Program

The Swine Assistance program was established in fiscal year 1981–82, by the Farm Adjustment Board, under the Farm Adjustment Act, to provide interest subsidies on medium-term loans to hog producers. The program was available only to hog producers who entered production or underwent expansion after 1979. In 1985, the Farm Adjustment Act changed to the Agricultural Development Act. In 1984–85, this program was combined with the Swine Industry Financial Restructuring program under the New Brunswick Regulation 85–19. At that time, all obligations and outstanding loans under the Swine Assistance program were rolled over into the Swine Industry Financial Restructuring program.

The Swine Industry Financial Restructuring program was created by the Farm Adjustment Act (OC 85–98) and became effective April 1, 1985. Under this program the Government of New Brunswick granted hog producers indebted to the Board a rebate of the interest on that portion of their total debt (the residual debt) that, on March 31, 1984, exceeded the ''standard debt load.'' The standard debt load is defined in the program's regulations as the amount of debt which the farmer, in the opinion of the Board, can reasonably be expected to service. The residual debt does not begin to accrue interest again until the debt load is no longer ''excessive.''

In *Swine Second and Third Review Results* (55 FR 20816, 20817), the Department examined these two programs separately. The Department found (1) the Swine Assistance program to be countervailable because loans were provided to a specific industry on terms inconsistent with commercial considerations, and (2) the New Brunswick Swine Industry Financial Restructuring program to be countervailable because it was limited to a specific industry and the government's rebate of interest and the interest repayment holiday were loan terms inconsistent with commercial considerations. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

At verification, we examined documentation that showed that no new loans were provided for the past ten years, and that there was no recent activity on the outstanding loans. The loans given to producers were ''set aside'' in a provincial account and were not accruing any interest. The Department preliminarily determines that interest not accruing on the outstanding loan balance constitutes a benefit to live swine producers.

To calculate the benefit from this program, we multiplied the total outstanding debt at the beginning of the POR by the benchmark interest rate. We used, as a benchmark interest rate, the prime rate, as published by the Bank of Canada in the *Bank of Canada Review,* Winter 1994–95, plus one and one-half percentage point. This rate represents the simple average of the commercially available rates for comparable loans. (*See Verification Report* at page 22). Next, we divided the benefit by the total weight of live swine produced in New Brunswick during the POR. We then weight-averaged the benefit by New Brunswick's share of Canadian exports of live swine to the United States during the POR. On this basis, we preliminarily determine the benefit to be less than Can$0.0001 per kilogram for the POR.

j. New Brunswick Swine Assistance Policy on Boars

The New Brunswick Swine Assistance Policy on Boars program is administered by the New Brunswick Department of Agriculture and Rural Development, Animal Industry Branch, for the purpose of encouraging breeding stock producers to produce quality boars at reasonable prices for use in commercial swine herds. This program provides assistance in the form of grants to swine producers for the purchases of boars. Eligible producers are entitled to receive up to Can$110 for the purchase of boars.

In *Swine Second and Third Review Results* (55 FR 20817), the Department found this program to be countervailable because it is limited to a specific industry. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding.

To calculate the benefit, we used the grant methodology applied in *Swine Sixth Review Results* (58 FR 54119). The Department has preliminarily determined that the grants received under this program are non-recurring because the recipient cannot expect to receive benefits on an ongoing basis from review period to review period. However, because the amount received by live swine producers in this POR is less than 0.50 percent of the value of live swine sales in this province, we are allocating the benefit to the year of receipt. (*See General Issues Appendix* 58 FR 37226). We divided the total payment to hog producers during the POR by the total weight of live swine produced in New Brunswick during the POR. We then weight-averaged the result by New Brunswick's share of Canadian exports of live swine to the United States during the POR. On this basis, we preliminarily determine the benefit from this program to be less than Can$0.0001 per kilogram for the POR.

B. New Programs Preliminarily Determined To Confer Subsidies

Federal/Provincial Programs

a. National Transition Scheme for Hogs

After termination of the NTSP for Hogs in July 1994, hog producers became eligible to participate in the National Transition Scheme for Hogs (Transition Scheme). This is a new program that provided for one-time payments to producers of hogs marketed between April 3, 1994 through December 31, 1994. This program was a temporary support program to encourage producers to join the Net Income Stabilization Account program (NISA). The Transition Scheme provided payments to hog producers of Can$1.50 per hog from the federal government and a matching Can$1.50 from the provincial government.

Because the Transition Scheme Agreement expressly limits its availability to a specific industry (swine), we preliminarily determine that the benefits from this program are *de jure* specific in accordance with section 771(5A)(D). The amounts provided by both the federal and provincial governments to the hog producers during the POR under the Transition Scheme represent a grant. Therefore, this program is countervailable.

The Department preliminarily determines that these grants are non-recurring because the transitional payments are exceptional, the recipient cannot expect to receive benefits on an ongoing basis from POR to POR, and the government has approved funding under the Transition Scheme for one year only. However, because the amount received by live swine producers is less than 0.50 percent of the value of total live swine sales in Canada, we are allocating the benefit to the year of receipt. Therefore, we divided the benefit provided during the POR to hog producers by the total weight of market hogs produced in that province, and calculated a benefit per-kilogram on a province-by-province basis. We used only the weight of market hogs because only market hogs were eligible to receive NTSP benefits. We then weight-averaged each exporting province's per kilogram benefit by that province's share of total Canadian exports of market hogs to the United States during the POR. On this basis, we preliminarily determine the benefit from this program to be Can$0.0042 per kilogram for the POR.

b. Technological Innovation Program Under the Canada/Quebec Subsidiary Agreement on Agri-Food Development (Agri-Food Agreement)

On December 14, 1984, the Government of Canada entered into an Economic and Regional Development Agreement (ERDA) with the Province of Quebec. Pursuant to this ERDA, the initial Agri-Food Agreement was signed on February 17, 1987 and remained in effect from 1987 to 1991. On August 26, 1993 a new Agri-Food Agreement was enacted by the governments of Canada and Quebec covering the period April 1, 1993 through March 31, 1998. Funding for this agreement is shared 50/50 by the federal and provincial governments. Through this agreement, grants are made to private businesses and academic organizations to fund projects in the following areas:

(1) Research: The objectives of this program area are to increase and diversify scientific and technical expertise, in both the industry and universities, in the areas of food production, processing, storage and marketing.

(2) Technological Innovation: The purpose of this program area is to speed up the rate of adoption and dissemination of technologies and innovation and the development of new products.

(3) Support for Strategic Alliances: The purpose of this program area is to stimulate cooperation and strategic alliances among the various stakeholders in an agri-food "industry network" (including all participants from the producer of the raw material to the final processor) through strategic activities intended to improve competitiveness in domestic and foreign markets.

Although the Agri-Food Agreement provides the authority for the three components, there are distinct differences in the purposes, funding, eligibility requirements and application and approval processes across the three components. Therefore, the Department considers it appropriate to examine each of the three components (Research, Technological Innovation, and Support for Strategic Alliances) as separate programs. *See* Memorandum on *Canada/Quebec Subsidiary Agreement on Agri-Food Development*, to Robert S. LaRussa from CVD/AD Team dated September 25, 1996, which is on file in the CRU.

We verified that during the POR, producers of live swine received grants under the Research Program and the Technological Innovation program. For a discussion of our preliminary determination with respect to the Research program, see Section II of this notice, "New Programs Preliminarily Determined Not to Confer Subsidies."

Technological Innovation Program

The Technological Innovation program is administered by the GOQ. This program has two components: testing and experimentation, and testing networks. Although the legislation states that "the two governments will provide financial assistance and technical support to agricultural enterprises," we verified that since its inception this program has been funded solely by the federal government. Since assistance under this program is provided by the federal government to industries located within a designated geographical region of Canada (*i.e.*, Quebec), we preliminarily determine that the federal contributions are countervailable. *See* section 771(5A)(D)(iv); Statement of Administrative Action accompanying the URAA, *reprinted* in H.R. Doc. No. 316, 103d Cong., 2d Sess. 932 (1994).

To calculate the benefit from this program, we preliminarily determine that the grants received under this program are non-recurring because they are exceptional, the government must approve the grants every year, and the recipient cannot expect to receive benefits on an ongoing basis. However, because the amount received by live swine producers in this POR is less than 0.50 percent of the value of live swine sales in this province, we are allocating the benefit to the year of receipt (*See General Issues Appendix* 58 FR 37226). We divided the total grant amount provided to swine producers during the POR by the total weight of live swine produced in Quebec during the POR. We then weight-averaged the results by Quebec's share of Canadian exports of live swine to the United States during the POR. On this basis, we preliminarily determine the benefit from the Technological Innovation program to be less than Can$0.0001 per kilogram for the POR.

II. Programs Preliminarily Determined Not to Confer Subsidies Research Program under the Canada/Quebec Subsidiary Agreement on Agri-Food Development (Agri-Food Agreement)

The Research program under the Agri-Food Agreement is administered by the Government of Quebec (GOQ) and grants are funded jointly by the GOQ and Government of Canada (GOC). The objectives of this program are to increase and diversify scientific and technical expertise, in both the industry and universities, in the area of food production, processing, storage and marketing. Under this program, grants are made to private businesses and academic organizations to fund research projects. During the POR, grants were provided for research projects involving live swine.

In the Department's questionnaire for this review, respondents were offered an opportunity to claim greenlight status under section 771(5B) of the Act. (*See* Department's Questionnaire, September 25, 1995, Section III.4 at III.4–2.) However, because the GOQ did not claim greenlight status, we proceeded to examine whether the results of the research are made publicly available. (*See* Section 355.44(l) of the *1989 Proposed Regulations*.) In this case, the results of research are usually made publicly available. We have verified that publication of the results of the research is required by the Agri-Food Agreement, which specifies that ''the Government of Canada and the Government of Quebec agree to announce jointly all authorized projects, as well as project and program reports and results.'' In addition, we have also verified that the results are published in an annual report upon completion. However, the Agreement also indicates, under Section 8 of the Research program guidelines, that participants have the right to patent protection for the results of the research if divulging the information will reduce the commercial value of those results. (*See Verification Report* at page 28.) Therefore, the determination of whether benefits under this program are countervailable can only be made at the completion of the projects. It is only upon completion that it will be known whether the results of research have been made publicly available. *See e.g., Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Sweden* (58 FR 37385; July 9, 1993).

We verified that all projects involving live swine were still ongoing during the POR. Therefore, we will continue to examine these research grants in future reviews and upon completion will determine whether they are countervailable. On this basis, we preliminarily determine that the Research program did not confer countervailable benefits on live swine during the POR.

III. Programs Preliminarily Determined to be Not Used

We also examined the following programs and preliminarily determine that the producers and/or exporters of the subject merchandise did not apply for or receive benefits under these programs during the POR:

a. Quebec Farm Income Stabilization Insurance Program (FISI)

We verified that during the POR the only FISI payments made to producers were for live swine slaughtered in Canada. Because there were no payments made for live swine exported to the United States during the POR, we preliminarily determine that the FISI program was not used during the POR. *See* Memorandum to File from Team A regarding the *Farm Income Stabilization Program* dated September 25, 1996, which is on file in CRU.

b. Other Programs

(1) Support for Strategic Alliances Program under the Canada/Quebec Subsidiary Agreement on Agri-Food Development; (2) Western Diversification Program; (3) Federal Atlantic Livestock Feed Initiative; (4) Agricultural Products Board Program; (5) Ontario Rabies Indemnification Program; (6) Ontario Swine Sales Assistance Policy; (7) Newfoundland Hog Price Support Program; (8) Newfoundland Weanling Bonus Incentive Policy; (9) Newfoundland Hog Price Stabilization Program; (10) Nova Scotia Swine Herd Health Policy; (11) Nova Scotia Improved Sire Policy.

IV. Programs Preliminarily Determined to be Terminated

We have examined the following programs and preliminarily determine that they were terminated prior to April 1, 1994, and that no residual benefits were provided during the POR: (1) Alberta Livestock and Beeyard Compensation Program; (2) British Columbia Special Hog Payment Program; (3) British Columbia Swine Herd Improvement Program.

Preliminary Results of Review

We preliminarily determine the total net subsidy on live swine from Canada to be Can$0.0271 per kilogram for the period April 1, 1994 through March 31, 1995. 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 assess countervailing duties as indicated above.

The Department also intends to instruct Customs to collect cash deposits of estimated countervailing duties of Can$0.0261 on all shipments of the subject merchandise from Canada, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review. We have adjusted the cash deposit rate to reflect program-wide changes.

Public Comment

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

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 § 355.38, are due. The Department will publish the final results of this administrative review, including the results of its analysis of issues raised in any case or rebuttal brief or at a hearing.

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

Dated: September 25, 1996.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 96–25649 Filed 10–04–96; 8:45 am]

BILLING CODE 3510–DS–P

[C–122–815]

Pure Magnesium and Alloy Magnesium From Canada; Preliminary Results of Countervailing Duty Administrative Reviews

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

ACTION: Notice of preliminary results of countervailing duty administrative reviews.

SUMMARY: The Department of Commerce (the Department) is conducting administrative reviews of the countervailing duty orders on pure and alloy magnesium from Canada. We preliminarily determine the net subsidy to be 4.01 percent *ad valorem* for Norsk Hydro Canada Inc. (NHCI) for the period January 1, 1994 through December 31, 1994. If the final results of these reviews remain the same as these preliminary results, the Department will instruct the U.S. Customs Service to assess countervailing duties as indicated above.

EFFECTIVE DATE: October 7, 1996.

FOR FURTHER INFORMATION CONTACT: Cynthia Thirumalai, AD/CVD Enforcement, Group 1, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–4087.

Background

On August 1, 1995, the Department published in the Federal Register a notice of ''Opportunity to Request an Administrative Review'' (60 FR 39151) of the countervailing duty orders on pure and alloy magnesium from Canada (57 FR 39392 (August 31, 1992)). On August 16, 1995, Norsk Hydro Canada Inc. requested that the Department conduct administrative reviews of the countervailing duty orders. We initiated the reviews for the period January 1, 1994 through December 31, 1994, on September 15, 1995 (60 FR 47931). (See also Period of Review section below.)

On September 25, 1995, the Department issued questionnaires to NHCI, the Government of Canada (GOC), and the Government of Québec (GOQ). On October 10, 1995, the GOQ requested the Department re-issue its questionnaire, specifically identifying the sections meant to be answered by the GOQ. On October 17, 1995, the Department re-issued its questionnaire to the GOQ. The Department received questionnaire responses from NHCI, the GOC, and the GOQ on January 29, 1996.

On August 15, 1996, the Department issued a supplemental questionnaire to the GOQ, and, on August 20, 1996, the Department issued a supplemental questionnaire to NHCI. The Department received questionnaire responses from the GOQ and NHCI on September 10, 1996.

Applicable Statute and Regulations

The Department is conducting these administrative reviews in accordance with section 751(a) of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (the Act). Unless otherwise indicated, all citations to the statute are references to the provisions of the Act. References to the Department's *Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comments,* 54 FR 23366 (May 31, 1989) (*Proposed Regulations*), are provided solely for further explanation of the Department's countervailing duty practice. Although the Department has withdrawn the particular rulemaking proceeding pursuant to which the *Proposed Regulations* were issued, the subject matter of these regulations is being considered in connection with an ongoing rulemaking proceeding which, among other things, is intended to conform the Department's regulations to the Uruguay Round Agreements Act (URAA). See 60 FR 80 (January 3, 1995).

Scope of the Review

The products covered by these reviews are pure and alloy magnesium from Canada. Pure magnesium contains at least 99.8 percent magnesium by weight and is sold in various slab and ingot forms and sizes. Magnesium alloys contain less than 99.8 percent magnesium by weight with magnesium being the largest metallic element in the alloy by weight, and are sold in various ingot and billet forms and sizes. Secondary and granular magnesium are not included. Pure and alloy magnesium are currently provided for in subheadings 8104.11.0000 and 8104.19.0000, respectively, of the Harmonized Tariff Schedule (HTS). Although the HTS subheadings are provided for convenience and Customs purposes, our written descriptions of the scopes of these proceedings is dispositive.

Period of Review

For purposes of calculating the net subsidy, the period of review (POR) is January 1, 1994 through December 31, 1994. NHCI accounted for all exports of subject merchandise during the period of review.

Analysis of Programs

I. Programs Previously Determined To Confer Subsidies

1. Exemption From Payment of Water Bills

Pursuant to a December 15, 1988 agreement between NHCI and La Société du Parc Industriel et Portuaire de Bécancour (Industrial Park), NHCI is exempt from payment of its water bills. Except for the taxes associated with its bills, NHCI does not pay the invoiced amounts of its water bills.

In the *Final Affirmative Countervailing Duty Determinations: Pure Magnesium and Alloy Magnesium from Canada (Magnesium from Canada)* 57 FR 30948 (July 13, 1992), the Department determined that the exemption received by NHCI was limited to a specific enterprise or industry, or group of enterprises or industries because no other company receives such an exemption. In this review, neither the GOQ nor NHCI provided new information which would warrant reconsideration of this determination.

We preliminarily determine the countervailable benefit to be the amount NHCI would have paid absent the exemption. To calculate the benefit under this program, we divided the amount NHCI would have paid for water during the POR by NHCI's total POR sales of Canadian-manufactured