

from 1.18 percent *ad valorem* to 1.14 percent *ad valorem* for SSAB.

## II. Programs Found Not to Confer Subsidies

A. Research & Development (R&D) Loans and Grants.

B. Fund for Industry and New Business R&D.

In the preliminary results, we found these programs did not confer subsidies during the POR. We did not receive any comments on these programs from the interested parties, and our review of the record has not led us to change our findings from the preliminary results.

## III. Programs Found To Be Not Used

In the preliminary results, we found that the producer/exporter of the subject merchandise did not apply for or receive benefits under the following programs:

A. Regional Development Grants.

B. Transportation Grants.

C. Location-of Industry Loans.

We did not receive any comments on these programs from the interested parties, and our review of the record has not led us to change our findings from the preliminary results.

## IV. Program Found To Be Terminated

In the preliminary results, we found the following program to be terminated and that no residual benefits were being provided:

Mining Exploration Grants.

We did not receive any comments on this program from the interested parties, and our review of the record has not led us to change our findings from the preliminary results.

## Final Results of Review

In accordance with 19 CFR 355.22(c)(7)(ii), we calculated an individual subsidy rate for each producer/exporter subject to this administrative review. As a result of correcting the clerical errors in the preliminary results, we determine the net subsidy for SSAB to be 1.91 percent *ad valorem* for the period January 1, 1994 through December 31, 1994.

We will instruct the U.S. Customs Service ("Customs") to assess countervailing duties as indicated above. The Department will also instruct Customs to collect cash deposits of estimated countervailing duties in the percentages detailed above of the f.o.b. invoice price on all shipments of the subject merchandise from the reviewed company, entered or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review.

Because the URAA replaced the general rule in favor of a country-wide rate with a general rule in favor of individual rates for investigated and reviewed companies, the procedures for establishing countervailing duty rates, including those for non-reviewed companies, are now essentially the same as those in antidumping cases, except as provided for in section 777A(e)(2)(B) of the Act. The requested review will normally cover only those companies specifically named. See 19 CFR 355.22(a). Pursuant to 19 CFR 355.22(g), for all companies for which a review was not requested, duties must be assessed at the cash deposit rate, and cash deposits must continue to be collected at the rate previously ordered. As such, the countervailing duty cash deposit rate applicable to a company can no longer change, except pursuant to a request for a review of that company. See *Federal-Mogul Corporation and The Torrington Company v. United States*, 822 F.Supp. 782 (CIT 1993) and *Floral Trade Council v. United States*, 822 F.Supp. 766 (CIT 1993) (interpreting 19 CFR 353.22(e), the antidumping regulation on automatic assessment, which is identical to 19 CFR 355.22(g), the countervailing duty regulation on automatic assessment). Therefore, the cash deposit rates for all companies except SSAB will be unchanged by the results of this review.

We will instruct Customs to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to all non-reviewed companies covered by this order are those established in the most recently completed administrative proceeding conducted pursuant to the statutory provisions that were in effect prior to the URAA amendment. See *Certain Carbon Steel Products from Sweden; Final Results of Countervailing Duty Administrative Review*, 61 FR 5378 (February 12, 1996). These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested. In addition, for the period January 1, 1994 through December 31, 1994, the assessment rates applicable to all non-reviewed companies covered by this order are the cash deposit rates in effect at the time of entry.

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 C.F.R. 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.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 C.F.R. 355.22(c)(8).

Dated: March 28, 1997.

**Robert S. LaRussa,**

*Acting Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-401-804]

### Certain Cut-to-Length Carbon Steel Plate from Sweden; Final Results of Countervailing Duty Administrative Review

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

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

**SUMMARY:** On October 3, 1996, the Department of Commerce ("the Department") published in the **Federal Register** its preliminary results of administrative review of the countervailing duty order on certain cut-to-length carbon steel plate from Sweden for the period January 1, 1994 through December 31, 1994 (61 FR 51683). The Department has now completed this administrative review in accordance with section 751(a) of the Tariff Act of 1930, as amended. For information on the net subsidy for the reviewed company, and for all non-reviewed companies, please see the *Final Results of Review* section of this notice. We will instruct the U.S. Customs Service to assess countervailing duties as detailed in the *Final Results of Review* section of this notice.

**EFFECTIVE DATE:** April 7, 1997.

**FOR FURTHER INFORMATION CONTACT:** Gayle Longest or Lorenza Olivas, Office of CVD/AD Enforcement VI, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482-2786.

## SUPPLEMENTARY INFORMATION:

**Background**

Pursuant to 19 C.F.R. 355.22(a), this review covers only those producers or exporters of the subject merchandise for which a review was specifically requested. Accordingly, this review covers SSAB Svenskt Stal AB ("SSAB"), the sole known producer/exporter of the subject merchandise during the review period. This review also covers the period January 1, 1994 through December 31, 1994, and 10 programs. On May 29, 1996, the Department extended the time limit for the preliminary and final results of this administrative review (61 FR 26878). The time for completion of the final results of this review was extended from a 120-day period to not later than a 180-day period.

Since the publication of the preliminary results on October 3, 1996 (61 FR 51683), the following events have occurred. We invited interested parties to comment on the preliminary results. On November 4, 1996, a case brief was submitted by the petitioners. On November 8, 1996, a rebuttal brief was submitted by SSAB, the respondent.

**Applicable Statute**

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act ("URAA") effective January 1, 1995 ("the Act"). The Department is conducting this administrative review in accordance with section 751(a) of the Act.

**Scope of the Review**

Imports covered by this review are shipments of certain cut-to-length carbon steel plate from Sweden. These products include hot-rolled carbon steel universal mill plates (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 millimeters but not exceeding 1,250 millimeters and of a thickness of not less than 4 millimeters, not in coils and without pattern in relief), of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances, 4.75 millimeter or more in thickness and of a width which exceeds 150 millimeters and measures at least twice the thickness. During the review period, such merchandise was classifiable under the Harmonized Tariff Schedule (HTS) item numbers 7208.31.0000, 7208.32.0000, 7208.33.1000, 7208.33.5000, 7208.41.0000,

7208.42.0000, 7208.43.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.11.0000, 7211.12.0000, 7211.21.0000, 7211.22.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000 and 7212.50.5000. Included in this order are flat-rolled products of non-rectangular cross-section where cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been "worked after rolling")—for example, products which have been beveled or rounded at the edges. Excluded from this order is grade X-70 plate. The HTS item numbers are provided for convenience and customs purposes. The written description remains dispositive.

**Allocation Methodology**

In the past, the Department has relied upon information from the U.S. Internal Revenue Service on the industry-specific average useful life ("AUL") 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 37217, 37226 (July 9, 1993) (General Issues Appendix). 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 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 the preliminary results (61 FR 51683), the Department preliminarily determined that it is reasonable and practicable to allocate new nonrecurring subsidies (*i.e.*, subsidies that have not yet been assigned an allocation period) based on a company-specific AUL. However, if a subsidy has already been countervailed based on an allocation period established in an earlier segment of the proceeding, it does not appear reasonable or practicable to reallocate that subsidy over a different period of time. In other words, since the countervailing duty rate in earlier segments of the proceeding was calculated based on a certain allocation period and resulting benefit stream,

redefining the allocation period in later segments of the proceeding would entail taking the original grant amount and creating an entirely new benefit stream for that grant. Such a practice may lead to an increase or decrease in the total amount countervailed and, thus, would result in the possibility of over-countervailing or under-countervailing the actual benefit. The Department preliminarily determined that a more reasonable and accurate approach is to continue using the allocation period first assigned to the subsidy. We invited the parties to comment on the selection of this methodology and to provide any other reasonable and practicable approaches for complying with the Court's ruling. We received no comments on this issue.

In the current review, there are no new subsidies. All of the nonrecurring subsidies currently under review were provided prior to the period of review (POR); allocation periods for these grants were established during prior segments of this proceeding. Therefore, for purposes of these final results, the Department is using the original allocation period assigned to each nonrecurring subsidy.

**Privatization and Sale of Productive Units**

SSAB has sold several productive units and the company was partially privatized twice, in 1987 and in 1989. During the review period, SSAB was completely privatized.

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

To calculate a rate for the subsidies that were allocated to the spin-offs, (*i.e.*, productive units that were sold), we first determined the amount of the subsidies attributable to each productive unit by dividing the asset value of that productive unit by the total asset value of SSAB in the year of the spin-off. We then applied this ratio to the net present value ("NPV"), in the year of the spin-

off, of the future benefit streams from all of SSAB's prior subsidies allocable to the POR. The future benefit streams at the time of the sale of each productive unit reflect the Department's allocation over time of prior subsidies to SSAB in accordance with the declining balance methodology (see *e.g.*, Final Affirmative Countervailing Duty Determination; Fresh and Chilled Salmon from Norway, 56 FR 7678; 7679 (February 25, 1991)), and reflect also the prior spin-offs of SSAB productive units.

We next estimated the portion of the purchase price which represents repayment of prior subsidies by determining the portion of SSAB's net worth that was accounted for by subsidies. To do that, we divided the face value of the allocable subsidies received by SSAB in each year from fiscal year 1979 through fiscal year 1993 by SSAB's net worth in the same year. We calculated a simple average of these ratios, which was then multiplied by the purchase price of the productive unit. Thus, we determined the amount of the purchase price which represents repayment of prior subsidies. This amount was subtracted from the subsidies attributed to the productive unit at the time of sale to arrive at the amount of subsidies allocated to the productive unit being spun-off.

To calculate the subsidies remaining with SSAB after privatization, we performed the following calculations. We first calculated the NPV of the future benefit stream of the subsidies at the time of the sale of the shares taking into account the spin-offs. Next, we estimated the portion of the purchase price which represents repayment of prior subsidies in accordance with the methodology described in the "Privatization" section of the General Issues Appendix (58 FR at 37259). This amount was then subtracted from the amount of the NPV eligible for repayment, and the result was divided by the NPV to calculate the ratio representing the amount of subsidies remaining with SSAB.

To calculate the benefit provided to SSAB in the POR, where appropriate, we multiplied the benefit calculated for 1994, adjusted for sales of productive units, by the ratio representing the amount of subsidies remaining with SSAB after privatization. We then divided the results by the company's total sales in 1994.

### Analysis of Programs

Based upon the responses to our questionnaire and written comments from the interested parties we determine the following:

#### *I. Programs Previously Determined to Confer Subsidies*

We did not receive any comments on the following programs from the interested parties; however, our review of the record uncovered a clerical error in our preliminary calculations. In our calculation of the subsidies remaining with SSAB after its privatization, we inadvertently calculated the future benefit stream from the nonrecurring subsidies at the time of the sale at their face value without calculating their net present value. As stated above, in order to determine the amount of subsidies remaining with SSAB and the amount of subsidies repaid, we must calculate the net present value of the remaining stream of benefits of the nonrecurring subsidies at the time of the sale. Accordingly, for these final results, we have adjusted our calculations to reflect the net present value at the time of the sale of the remaining stream of benefits from the nonrecurring subsidies listed below.

##### 1. Equity Infusions

In the preliminary results, we found that this program conferred countervailable subsidies on the subject merchandise. We did not receive any comments on this program from interested parties; however, due to the clerical error explained above, the net subsidy for this program has changed from 0.53 percent *ad valorem* to 0.51 percent *ad valorem* for SSAB.

##### 2. Structural Loans

In the preliminary results, we found that this program conferred countervailable subsidies on the subject merchandise. We did not receive any comments on this program from interested parties; however, due to the clerical error explained above, the net subsidy for this program has changed from 0.27 percent *ad valorem* to 0.26 percent *ad valorem* for SSAB.

##### 3. Forgiven Reconstruction Loans

In the preliminary results, we found that this program conferred countervailable subsidies on the subject merchandise. We did not receive any comments on this program from interested parties; however, due to the clerical error explained above, the net subsidy for this program has changed from 1.18 percent *ad valorem* to 1.14 percent *ad valorem* for SSAB.

#### *II. Programs Found Not to Confer Subsidies*

A. Research & Development (R&D) Loans and Grants.

B. Fund for Industry and New Business R&D.

In the preliminary results, we found these programs did not confer subsidies during the POR. Our analysis of the comments submitted by the interested parties, summarized below, has not led us to change our findings from the preliminary results.

#### *III. Program Found to be Not Used*

In the preliminary results, we found that the producer/exporter of the subject merchandise did not apply for or receive benefits under the following programs:

- A. Regional Development Grants.
- B. Transportation Grants.
- C. Location-of Industry Loans.

Our analysis of the comments submitted by the interested parties, summarized below, has not led us to change our findings from the preliminary results.

#### *IV. Program Found to be Terminated*

In the preliminary results, we found the following program to be terminated and that no residual benefits were being provided:

Mining Exploration Grants

Our analysis of the comments submitted by the interested parties, summarized below, has not led us to change our findings from the preliminary results.

### Analysis of Comments

*Comment:* Petitioners argue that the Department's privatization methodology is contrary to economic reality, and is inconsistent with the countervailing duty statute. Petitioners claim that the Department's determination that privatization "repays" a portion of the subsidies received before privatization is contrary to economic reality because resources provided to SSAB by the Government of Sweden (GOS) still remain with the company after privatization. According to petitioners, these resources, which "represented a flow of resources into SSAB that the market would not have provided," continue to benefit the subject merchandise. No resources were transferred from SSAB back to the GOS. Furthermore, petitioners argue that the Department's privatization methodology is contrary to the countervailing duty statute because 19 U.S.C. 1671(a) requires that subsidies bestowed upon the production, manufacture, or exportation of merchandise imported into the United States be countervailed. Petitioners maintain that the subsidies received by SSAB continue to benefit the production of the subject merchandise after privatization. Thus,

these subsidies continue to be fully countervailable.

The respondent claims in its rebuttal that the same arguments against the Department's privatization methodology were raised by the petitioners in the first administrative review. Respondents argue that petitioners have provided no new arguments that would warrant the Department to reconsider its privatization methodology. Therefore, the Department should continue to apply its privatization methodology in the final results of this administrative review.

*Department's Position:* Petitioners' claim that the Department's privatization methodology is contrary to economic reality and inconsistent with the countervailing duty statute is erroneous. On the contrary, the application of this methodology is well within the Department's discretion. The countervailing duty law instructs Commerce to identify, measure and allocate subsidies. The law is intended to provide remedial relief in the form of countervailing duties. See, e.g., *Chaparral Steel Co. v. United States*, 901 F.2d 1097, 1103-1104 (Fed. Cir. 1990). As we explained in the General Issues Appendix, the Department interprets the law as allowing for the repayment or reallocation of prior subsidies. See also, *Certain Hot-Rolled Lead and Bismuth Carbon Steel Products From the United Kingdom*; Final Results of Countervailing Duty Administrative Review, 61 FR 58377; 58381 (November 14, 1996). In the context of the sale of a government-owned company, the Department found that a portion of the price paid for a privatized company can go toward a partial repayment of prior subsidies. General Issues Appendix, 58 at 37262-37263.

The General Issues Appendix is not inconsistent with the URAA with regard to this issue. The URAA purposely leaves discretion to the Department. It provides the Department with the flexibility to determine both whether, and to what extent, a change in ownership affects the countervailability of past subsidies. See, e.g., section 771(5)(F) of the Act and Final Affirmative Countervailing Duty Determination: *Certain Pasta from Italy*, 61 FR at 30298. This clearly was Congress' intent when it stated that "[t]he Commerce Department should continue to have the discretion to determine whether, and to what extent (if any), actions such as the

'privatization' of a government-owned company actually serve to eliminate such subsidies." S. Rep. No. 412, 103d Cong., 2nd Sess. 92 (1994) (emphasis added).

Accordingly, as in the preliminary results, we continue to find that because SSAB was a subsidized government-owned company, a portion of the price paid for the privatized company represents partial repayment of subsidies which were received prior to privatization. See, Final Affirmative Countervailing Duty Determinations: *Certain Steel Products from Sweden* (58 FR 37385, July 9, 1993).

#### Final Results of Review

In accordance with 19 CFR 355.22(c)(7)(ii), we calculated a subsidy rate for the producer/exporter subject to this administrative review. As a result of correcting the clerical errors in the preliminary results, we determine the net subsidy for SSAB to be 1.91 percent *ad valorem* for the period January 1, 1994 through December 31, 1994.

We will instruct the U.S. Customs Service ("Customs") to assess countervailing duties as indicated above. The Department will also instruct Customs to collect cash deposits of estimated countervailing duties in the percentages detailed above of the f.o.b. invoice price on all shipments of the subject merchandise from the reviewed company, entered or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review.

Because the URAA replaced the general rule in favor of a country-wide rate with a general rule in favor of individual rates for investigated and reviewed companies, the procedures for establishing countervailing duty rates, including those for non-reviewed companies, are now essentially the same as those in antidumping cases, except as provided for in section 777A(e)(2)(B) of the Act. The requested review will normally cover only those companies specifically named. See 19 C.F.R. 355.22(a). Pursuant to 19 C.F.R. 355.22(g), for all companies for which a review was not requested, duties must be assessed at the cash deposit rate, and cash deposits must continue to be collected at the rate previously ordered. As such, the countervailing duty cash deposit rate applicable to a company can no longer change, except pursuant to a request for a review of that company. See *Federal-Mogul*

*Corporation and The Torrington Company v. United States*, 822 F.Supp. 782 (CIT 1993) and *Floral Trade Council v. United States*, 822 F.Supp. 766 (CIT 1993) (interpreting 19 C.F.R. 353.22(e), the antidumping regulation on automatic assessment, which is identical to 19 C.F.R. 355.22(g), the countervailing duty regulation on automatic assessment. Therefore, the cash deposit rates for all companies except SSAB will be unchanged by the results of this review.

We will instruct Customs to continue to collect cash deposits for non-reviewed companies 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 most recently completed administrative proceeding conducted pursuant to the statutory provisions that were in effect prior to the URAA amendments. See *Certain Cut-to-Length Carbon Steel Plate from Sweden*; Final Results of Countervailing Duty Administrative Review, 61 FR 5381 (February 12, 1996). These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested. In addition, for the period January 1, 1994 through December 31, 1994, the assessment rates applicable to all non-reviewed companies covered by this order are the cash deposit rates in effect at the time of entry.

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 C.F.R. 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.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 355.22(c)(8).

Dated: March 28, 1997.

**Robert S. LaRussa**

*Acting Assistant Secretary for Import Administration.*

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