DEPARTMENT OF COMMERCE

International Trade Administration

[A–823–808]

Postponement of Final Determination; Certain Cut-to-Length Carbon Steel Plate From Ukraine

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

ACTION: Notice of postponement of final determination of sales at less than fair value.

EFFECTIVE DATE: August 4, 1997.

FOR FURTHER INFORMATION CONTACT: Nithya Nagarajan, Eugenia Chu, or Yury Beyzarov, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th. Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–3793.

The Applicable Statute And Regulations

Unless other indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Rounds Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are in reference to the regulations, codified at 19 CFR part 353, as they existed on April 1, 1996.

Postponement of Final Determination

Pursuant to section 735(a)(2) of the Act, on July 18, 1997, Azovstal Iron and Steel Works (Azovstal), Ilyich Iron and Steel Works (Ilyich) and Alchevsk Iron and Steel Works (Alchevsk), producers of subject merchandise; requested a thirty-day extension of the final determination.

Azovstal and Ilyich account for a significant proportion of exports of the subject merchandise. In addition, we are not aware of any compelling reasons for denying this request. However, due to the complexity of the issues involved in the case, including surrogate values, Ukraine's status as a market economy country, and scope of the subject merchandise, we are postponing the final determination in this investigation until 135 days after the publication of the preliminary determination. Therefore, the final determination will be due no later than October 24, 1997. Suspension of liquidation will be extended in accordance with section 733(d) of the Act. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Pasta from Italy*, 61 Fed. Reg. 30326, 30326 (June 14, 1996).

In accordance with 19 CFR 353.38, case briefs must be submitted to the Assistant Secretary for Import Administration no later than Friday, August 29, 1997, and rebuttal briefs, no later than Friday, September 5, 1997. A list of authorities used and a summary of the arguments made in the briefs should accompany these briefs. Such summary should be limited to five pages total, including footnotes. We will hold a public hearing, if requested, to afford interested parties an opportunity to comment on arguments made in case or rebuttal briefs.

Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, within ten days of the publication of this notice. Request should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. In accordance with 19 CFR 353.38(b) oral presentations will be limited to issues raised in the briefs.

This notice of postponement is published pursuant to 19 CFR 353.20(b)(2).

Dated: July 29, 1997.

Jeffrey P. Bialos,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–20488 Filed 8–1–97; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–274–803]

Preliminary Affirmative Countervailing Duty Determination: Steel Wire Rod From Trinidad and Tobago

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

EFFECTIVE DATE: August 4, 1997.

FOR FURTHER INFORMATION CONTACT: Todd Hansen, Vincent Kane, or Sally Hastings, Office of Antidumping/Countervailing Duty Enforcement, Group I, Office 1, Import Administration, U.S. Department of Commerce, Room 1874, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–1276, 482–2815, or 482–3464, respectively.

Preliminary Determination:

The Department preliminarily determines that countervailable subsidies are being provided to Caribbean Ispat Limited (''CIL''), a producer and exporter of steel wire rod from Trinidad and Tobago. For information on the estimated countervailing duty rates, please see the *Suspension of Liquidation* section of this notice.

Case History

Since the publication of the notice of initiation in the **Federal Register** on March 24, 1997 (62 FR 13866), the following events have occurred.

On April 1, 1997, we issued countervailing duty questionnaires to the Government of Trinidad and Tobago (''GOTT'') and to CIL concerning petitioners' allegations. We received responses to our questionnaires from CIL and the GOTT on May 27 and May 29, 1997, respectively. We issued supplemental questionnaires to parties on June 13, 1997, and received responses on June 30, 1997. On May 2, 1997, we postponed the preliminary determination in this investigation until July 28, 1997 (62 FR 25172, May 8, 1997).

Scope of Investigation

The products covered by this investigation are certain hot-rolled carbon steel and alloy steel products, in coils, of approximately round cross section, between 5.00 mm (0.20 inch) and 19.0 mm (0.75 inch), inclusive, in solid cross-sectional diameter. Specifically excluded are steel products possessing the above noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) Stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; (e) free machining steel that contains by weight 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.4 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium; or (f) concrete reinforcing bars and rods.

The following products are also excluded from the scope of this investigation:

Coiled products 5.50 mm or less in true diameter with an average partial decarburization per coil of no more than 70 microns in depth, no inclusions greater than 20 microns, containing by weight the following: carbon greater than or equal to 0.68 percent; aluminum less than or equal to 0.005 percent; phosphorous plus sulfur less than or equal to 0.040 percent; maximum combined copper, nickel and chromium content of 0.13 percent; and nitrogen less than or equal to 0.006 percent. This

product is commonly referred to as ''Tire Cord Wire Rod.''

Coiled products 7.9 to 18 mm in diameter, with a partial decarburization of 75 microns or less in depth and seams no more than 75 microns in depth; containing 0.48 to 0.73 percent carbon by weight. This product is commonly referred to as ''Valve Spring Quality Wire Rod.''

The products under investigation are currently classifiable under subheadings 7213.91.3000, 7213.91.4500, 7213.91.6000, 7213.99.0030, 7213.99.0090, 7227.20.0000, and 7227.90.6050 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

The 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 effective January 1, 1995 (the ''Act'').

Injury Test

Because Trinidad and Tobago is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of wire rod from Trinidad and Tobago materially injure, or threaten material injury to, a U.S. industry. On April 30, 1997, the ITC published its preliminary determination finding that there is a reasonable indication that an industry in the United States is being materially injured or threatened with material injury by reason of imports from Trinidad and Tobago of the subject merchandise (62 FR 23485).

Petitioners

The petition in this investigation was filed by Connecticut Steel Corp., Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Co., North Star Steel Texas, Inc. and Northwestern Steel and Wire (the petitioners), six U.S. producers of wire rod.

Subsidies Valuation Information

Period of Investigation

The period for which we are measuring subsidies (the ''POI'') is calendar year 1996.

Allocation Period

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 subsidies. *See General Issues Appendix* appended to *Final Countervailing Duty Determination; Certain Steel Products from Austria* (''*General Issues Appendix*'') 58 FR 37217, 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 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).

In this investigation, the Department has followed the Court's decision in *British Steel.* Therefore, for purposes of this preliminary determination, the Department has calculated a company-specific AUL. Based on information provided by respondents, the Department has preliminarily determined that the appropriate allocation period for CIL is 15 years.

Equityworthiness

In analyzing whether a company is equityworthy, the Department considers whether or not that company could have attracted investment capital from a reasonable, private investor in the year of the government equity infusion based on information available at that time. In this regard, the Department has consistently stated that a key factor for a company in attracting investment capital is its ability to generate a reasonable return on investment within a reasonable period of time.

In making an equityworthiness determination, the Department examines the following factors, among others:

1. Current and past indicators of a firm's financial condition calculated from that firm's financial statements and accounts;
2. Future financial prospects of the firm including market studies, economic forecasts, and projects or loan appraisals;
3. Rates of return on equity in the three years prior to the government equity infusion;
4. Equity investment in the firm by private investors; and
5. Prospects in world markets for the product under consideration.

In start up situations and major expansion programs, where past experience is of little use in assessing future performance, we recognize that the factors considered and the relative weight placed on such factors may differ from the analysis of an established enterprise.

For a more detailed discussion of the Department's equityworthiness criteria see the

General Issues Appendix at 37244.

Petitioners allege that the Iron and Steel company of Trinidad and Tobago Limited (''ISCOTT''), the predecessor to CIL, was unequityworthy from 1980–1995. In our initiation notice (62 FR 13886, 13868; March 24, 1997), we stated that we would investigate ISCOTT's equityworthiness for the period 1983–1990. We have now undertaken that examination, consistent with our past practice. *See, Final Affirmative Countervailing Duty Determinations: Certain Steel Products from France,* 58 FR 37304 (July 8, 1993) (''*Steel from France*'').

For this investigation, we have preliminarily determined that ISCOTT is unequityworthy during the period 1986 through 1994. For a discussion of this determination, see the section of this notice on ''Equity Infusions.''

Equity Methodology

In measuring the benefit from a government equity infusion to an unequityworthy company, the Department compares the price paid by the government for the equity to a market benchmark, if such a benchmark exists, *i.e.*, the price of publicly traded shares of the company's stock or an infusion by a private investor at the time of the government's infusion (the latter may not always constitute a proper benchmark based on the specific circumstances in a particular case).

Where a market benchmark does not exist, the Department has determined in this investigation to continue to follow the methodology described in the *General Issues Appendix* at 37239. Following this methodology, equity infusions made into an unequityworthy firm are treated as grants. Using the grant methodology for equity infusions into an unequityworthy company is based on the premise that an unequityworthiness finding by the Department is tantamount to saying that the company could not have attracted investment capital from a reasonable investor in the infusion year based on the available information.

Creditworthiness

When the Department examines whether a company is creditworthy, it is essentially attempting to determine if the company in question could obtain commercial financing at commonly available interest rates. If a company receives comparable long-term financing

from commercial sources, that company will normally be considered creditworthy. In the absence of comparable commercial borrowings, the Department examines the following factors, among others, to determine whether or not a firm is creditworthy:

1. Current and past indicators of a firm's financial health calculated from that firm's financial statements and accounts;
2. The firm's recent past and present ability to meet its costs and fixed financial obligations with its cash flow; and
3. Future financial prospects of the firm including market studies, economic forecasts, and projects or loan appraisals.

In start up situations and major expansion programs, where past experience is of little use in assessing future performance, we recognize that the factors considered and the relative weight placed on such factors may differ from the analysis of an established enterprise. For a more detailed discussion of the Department's creditworthiness criteria, *see, e.g., Steel from France* at 37304, and *Final Affirmative Countervailing Duty Determination; Certain Steel Products from the United Kingdom* 58 FR 37393, 37395 (July 9, 1993).

Petitioners have alleged that ISCOTT was uncreditworthy from 1980–1995. In our initiation notice (62 FR 13866, 13868; March 24, 1997), we stated that we would investigate ISCOTT's creditworthiness for the period 1983–1990. We did not include the years prior to 1983 because we determined that investments in and loans to the company through 1982 were on terms consistent with commercial considerations in *Carbon Steel Wire Rod From Trinidad and Tobago: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order* 49 FR 480 (January 4, 1984) (''*Wire Rod I*'') and petitioners did not provide any new evidence to lead us to change our previous determination.

Regarding the period after 1990, petitioners provided no evidence in the petition to support their claim that ISCOTT was uncreditworthy. On June 13, 1997, petitioners supplemented their original allegation with financial information contained in the GOTT's May 29, 1997 response.

Based on a review of petitioners' June 13, 1997 submission, as well as the information in the responses, we preliminarily determine that ISCOTT was uncreditworthy during the period 1985–1994. ISCOTT did not show a profit for any year during this period and continued to rely upon support from the GOTT to meet fixed payments. The company's gross profit ratio was consistently negative in each of the years in which it had sales. Additionally, the company's operating profit (net income before depreciation, amortization, interest and financing charges) was consistently negative. The firm continued to show an operating loss in each year it was in production, and was never able to cover its variable costs.

Regarding 1983, 1984, 1995, and 1996, we did not examine ISCOTT's creditworthiness because ISCOTT did not receive any countervailable loans, equity infusions, or nonrecurring grants in those years.

Discount Rates

We have calculated the long-term uncreditworthy discount rates for the period 1985 through 1994, to be used in calculating the countervailable benefit for nonrecurring grants and equity infusions in this investigation because the respondent did not incur any debt appropriate for use as discount rates, following the methodology described in *Final Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel from Italy* (''*GOES*'') 59 FR 18357, 18358 (April 18, 1994). Specifically, we took the highest prime term loan rate available in Trinidad and Tobago in each year as listed in the *Central Bank of Trinidad and Tobago: Handbook of Key Economic Statistics* and added to this a risk premium of 12% of the median prime lending rate to establish the uncreditworthy discount rate.

Privatization Methodology

In the *General Issues Appendix*, we applied a new methodology with respect to the treatment of subsidies received prior to the sale of a company (privatization).

Under this methodology, we estimate the portion of the purchase price attributable to prior subsidies. We compute this by first dividing the privatized company's subsidies by the company's net worth for each year during the period beginning with the earliest point at which nonrecurring subsidies would be attributable to the POI (*i.e.*, in this case 1981 for CIL) and ending one year prior to the privatization. We then take the simple average of the ratios. The simple average of these ratios of subsidies to net worth serves as a reasonable surrogate for the percent that subsidies constitute of the overall value of the company. Next, we multiply the average ratio by the purchase price to derive the portion of the purchase price attributable to repayment of prior subsidies. Finally, we reduce the benefit streams of the prior subsidies by the ratio of the repayment amount to the net present value of all remaining benefits at the time of privatization. In the current investigation, we are analyzing the privatization of ISCOTT in 1994.

Based upon our analysis of the petition and responses to our questionnaires, we preliminarily determine the following:

I. Programs Preliminarily Determined To Be Countervailable

A. Export Allowance Under Act No. 14

Under the provisions of Act No. 14 of 1976, as codified in Section 8(1) of the Corporation Tax Act, companies in Trinidad and Tobago with export sales may deduct an export allowance in calculating their corporate income tax. The allowance is equal to the ratio of export sales over total sales multiplied by net income. Regardless of the magnitude of the export allowance, however, companies must pay a minimum income tax in the amount of the business levy or the corporate income tax, whichever is greater.

A countervailable subsidy exists within the meaning of section 771(5A) of the Act where there is a financial contribution from the government which confers a benefit and is specific within the meaning of section 771(5A) of the Act.

We have determined that the export allowance is a countervailable subsidy within the meaning of section 771(5) of the Act. The export allowance provides a financial contribution because in granting it the GOTT forgoes revenue that it is otherwise due. The export allowance is specific, under section 771(5A)(B), because its receipt is contingent upon export performance.

CIL made a deduction for the export allowance on its 1995 income tax return, which was filed during the POI. Because the export allowance is claimed and realized on an annual basis in the course of filing the corporate income tax return, we have determined that the benefit from this program is recurring. To calculate the countervailable subsidy from the export allowance, we divided CIL's tax savings during the POI by the total value of its export sales during the POI. On this basis, we preliminarily determine the countervailable subsidy from this program to be 3.45 percent *ad valorem*.

B. Equity Infusions

In 1978, ISCOTT and the GOTT entered into a Completion and Cash Deficiency Agreement (''CCDA'') with

several private commercial banks in order to obtain a part of the financing needed for construction of ISCOTT's plant. Under the terms of the CCDA, the GOTT was obligated to provide certain equity financing toward completion of construction of ISCOTT's plant, to cover loan payments to the extent not paid by ISCOTT, and to provide cash as necessary to enable ISCOTT to meet its current liabilities.

During the period from 1983 to 1989, a period of continuing losses, ISCOTT and the GOTT commissioned several studies to determine the financially preferable course of action for the company. Options included a shut-down of the plant, lease or sale of the plant, or continued GOTT operation of the plant. In 1983, a Committee appointed by the Cabinet concluded that it would cost ISCOTT more to shut the plant down than to keep it in operation. In 1985, recognizing that ISCOTT's management lacked the technical expertise to operate the plant efficiently, the GOTT signed a training, technical and management contract with two established international steel producers, Voest Alpine and Neue Hamburger Stahlwerke (''NHSW''), to increase ISCOTT's production efficiency. In 1987, the GOTT commissioned the International Finance Corporation (''IFC'') to evaluate ISCOTT's prospects and recommend alternatives. The IFC completed its evaluation in August of 1987 and recommended that the GOTT enter into negotiations aimed at leasing ISCOTT's plant to a private producer.

During 1988, the GOTT conducted lease negotiations with NHSW but late in that year the negotiations broke down. P.T. Ispat Indo (''Ispat''), a company affiliated with CIL, then came forward and expressed an interest in leasing the plant. In a February 13, 1989 letter to the GOTT, the IFC expressed its support for lease of the plant to Ispat. On April 8, 1989, the GOTT and Ispat reached agreement on a 10-year lease agreement with an option for Ispat to purchase the assets after five years.

In December of 1994, CIL, the company created by Ispat to lease and operate the plant, exercised the purchase option and purchased the plant. The purchase price was based on an independent evaluation by a private consultant, as specified in the Plant Lease Agreement, less credits that CIL received for improvements made in the plant. The Plant Sale Agreement committed CIL to make additional expenditures on the plant for environmental and production upgrades.

In *Wire Rod I,* the Department determined that payments or advances made by the GOTT to ISCOTT during its start-up years were not countervailable. In making this determination, the Department took into consideration the fact that it is not unusual for a large, capital intensive project to have losses during the start-up years, the fact that several independent studies forecast a favorable outcome for ISCOTT, and the fact that ISCOTT enjoyed several important natural advantages. On these bases, advances to ISCOTT through April of 1983, the end of the original POI, were found to be not countervailable.

Subsequent to the POI in *Wire Rod I,* ISCOTT continued to incur significant losses. In each of the years from 1983 through 1994, it recorded losses ranging from TT $142,600,000 to TT $376,700,000 with accumulated losses during this period amounting to TT $1,611,700,000. In fact, the company did not show a profit in any of its years of operation.

Yet, despite these negative results and a worldwide downturn in the steel industry, the GOTT continued to invest in ISCOTT. In each of the years from 1983 to 1994, the GOTT made advances to ISCOTT ranging from TT $33,027,000 to TT $433,633,000 with an overall total for these years of TT $1,787,466,000. These advances were made in accordance with the terms of the CCDA, which obligated the GOTT to cover loan payments and meet current operating expenses to the extent that ISCOTT was unable to meet these obligations.

Given the Department's decision in *Wire Rod I* that the GOTT's initial decision to invest in ISCOTT and its additional investments through the first quarter of 1983 were consistent with commercial considerations, the issue presented in this investigation is whether and at what point the GOTT ceased to behave as a reasonable private investor. In our view, despite the favorable factors underlying the earlier investment decisions, at some point in a succession of heavy losses such as those incurred by ISCOTT, a private investor would have reached the conclusion that further investment in the company was not warranted. For the reasons explained below, we determine that the advances made to ISCOTT after 1985 were inconsistent with the usual investment practice of a private investor.

As detailed in *Wire Rod I,* ISCOTT started operations in 1981. According to studies supporting the initial decision to invest, it was reasonable to expect that the company would experience difficulties in start-up. In a developing country such as Trinidad and Tobago, personnel with the skill and expertise required to operate a large steel plant were not readily available. Thus, the learning curve for the management and operation of the plant was expected to be prolonged.

Despite the fact that the expectations for these early years were low, the GOTT demonstrated its continuing concern about the viability of the venture. In 1983, in light of ISCOTT's deteriorating financial condition and changing market expectations, the GOTT established a Committee to study several options for the future of the company, including liquidation of ISCOTT. While the Committee's report mentions factors that likely would not have been taken into consideration by a private investor, such factors do not appear to have influenced the Committee's recommendation. (Since the report and the recommendation of the Committee are business proprietary, they are not discussed here. The Department's review of the report is contained in a July 24, 1997, business proprietary memorandum from team to Richard W. Moreland, Acting Deputy Assistant Secretary for AD/CVD Enforcement, Group I (''*Equityworthiness Memorandum*''), the public version of which is in the public file of the Central Records Unit, HCHB Room B–099 of the Department of Commerce.)

Consistent with the recommendations made in the report, the GOTT continued to support ISCOTT's operations. In 1984, although the company still operated at a loss, revenues and cash flow from operations both improved. However, that trend was shortlived. In 1985, ISCOTT suffered significant losses. These losses were of such a magnitude that a reevaluation of the company's prospects was warranted before committing further funds to ISCOTT. By the end of 1985, the company had accumulated losses of TT $1,331,842,000 and outstanding debt of TT $1,277,845,000 of which TT $718,122,000 was owed to the GOTT. A private investor considering investment in ISCOTT at this time would have concluded that acceptable returns on investment were not likely to occur within a reasonable period of time. It is our opinion that any investment in ISCOTT after 1985 would not have been consistent with the usual investment practice of private investors.

Further, we are not persuaded by the GOTT's claim that a default on the loan would have resulted in an acceleration of the loan. In view of certain provisions in the CCDA, the GOTT apparently could have avoided an acceleration of

the loan in the event of default. (Because these provisions are business proprietary, however, we have not included them in this notice. Relevant details of the Department's discussion of these provisions are recorded in the *Equityworthiness Memorandum*.)

Therefore, in view of the large and continued losses in the years prior to 1986, we preliminarily determine that GOTT's advances to ISCOTT in 1986 and in the years that followed through 1994 constitute countervailable subsidies under section 771(5) of the Act. These advances were inconsistent with the usual investment practice of private investors and constituted specific financial contributions in which a benefit was conferred.

To calculate the benefit, we followed the ''Equity Methodology'' described above. The benefit allocated to the POI was adjusted according to the ''Privatization Methodology'' described above. The adjusted amount was divided by CIL's total sales of all products during the POI. On this basis, we calculated a subsidy of 11.37 percent.

C. Benefits Associated With the 1994 Sale of ISCOTT's Assets to CIL

In December 1994, after all of ISCOTT's manufacturing activities had been sold, ISCOTT was nothing but a shell company with liabilities exceeding its assets. CIL, on the other hand, had purchased most of ISCOTT's assets without being burdened by ISCOTT's liabilities.

The liabilities remaining with ISCOTT after the sale of productive assets to CIL had to be repaid, assumed, or forgiven. In 1995, the National Gas Company of Trinidad and Tobago Limited (''NGC'') and the National Energy Corporation of Trinidad and Tobago Limited (''NEC''), a wholly owned subsidiary of NGC, wrote off loans owed to them by ISCOTT totaling TT $77,225,775. Similarly, Trinidad and Tobago National Oil Company Limited (''TRINTOC'') wrote off debts owed by ISCOTT totaling TT $10,492,830 as bad debt. While no specific act eliminated this debt, indeed ISCOTT still had a residual accounts payable balance on its books in 1996, CIL (and consequently the subject merchandise) received a benefit as a result of the debt being left behind in ISCOTT.

Treating these liabilities as a subsidy to CIL is consistent with the Department's determination in *GOES* at 18359. In that case, the GOI liquidated Finsider and its main operating companies in 1988 and assembled the group's most productive assets into a new operating company, ILVA S.p.A. In *GOES*, a substantial portion of the liabilities and the losses associated with the assets were not distributed to ILVA. Instead, they remained behind in Terni Acciai Speciali, a main operating unit of Finsider.

In this case, to calculate the benefit during the POI, we used our standard grant methodology and applied an uncreditworthy discount rate. The debt outstanding after the December 1994 sale of assets to CIL (adjusted as described below) was treated as grants received at the time of the sale of the assets.

After the 1994 sale of assets, certain non-operating assets (*e.g.*, cash and accounts receivable) remained in ISCOTT. These assets have been used to fund repayment of ISCOTT's remaining accounts payable. In order to account for the fact that certain assets, including cash, were left behind in ISCOTT, we have subtracted this amount from the liabilities outstanding after the 1994 transfer sale of assets.

The benefit allocated to the POI was adjusted according to the ''Privatization Methodology'' described above. The adjusted amount was divided by CIL's total sales of all products during the POI. On this basis, we determine the estimated net subsidy to be 1.22 percent *ad valorem* for CIL.

II. Programs Preliminarily Determined To Be Not Countervailable

A. Import Duty Concessions Under Section 56 of the Customs Act

Section 56 of the Customs Act of 1983 provides for full or partial relief from import duties on certain machinery, equipment, and raw materials used in an approved industry. The approved industries that may benefit from this relief are listed in the Third Schedule to Section 56. In all, 76 industries are eligible to qualify for relief under Section 56.

Companies in these industries that are seeking import duty concessions apply by letter to the Tourism and Industries Development Company, which reviews the application and forwards it with a recommendation to the Ministry of Trade and Industry. If the Ministry of Trade and Industry approves the application, the applicant receives a Duty Relief License, which specifies the particular items for which import duty concessions have been authorized. CIL received import duty exemptions under Section 56 of the Customs Act during the POI.

In its June 30, 1997, supplemental response, the GOTT provided a breakdown of the number of licenses issued by industry during the first six months of the POI. During the POI, the Ministry of Trade and Industry issued a large number of licenses to a wide cross section of industries. Some of the licenses were new issuances and others were renewals of licenses previously issued. Thus, the recipients of the exemption were not limited to a specific industry or group of industries. The breakdown of licenses by industry also indicated that the steel industry was not a predominant user of the subsidy nor did it receive a disproportionate share of benefits under this program. For these reasons, we preliminarily determine that import duty concessions under Section 56 of the Customs Act are not limited to a specific industry or group of industries, hence, are not countervailable.

B. Point Lisas Industrial Estates Lease

The Point Lisas Industrial Port Development Company (''PLIPDECO'') owns and operates Point Lisas Industrial Estate. Prior to 1994, PLIPDECO was 98 percent government-owned. Since then, PLIPDECO's issued share capital has been held 43 percent by the government, 8 percent by Caroni Limited, a wholly-owned government entity, and 49 percent by 2,500 individual and corporate shareholders whose shares are traded on the Trinidad and Tobago Stock Exchange.

ISCOTT, the predecessor company to CIL, entered into a 30-year lease contract for a site at Point Lisas in 1983, retroactive to 1978. The 1983 lease rental was revised in 1988. In 1989, the site was subleased to CIL at the revised rental fee. In 1994, ISCOTT and PLIPDECO signed a novation of the lease whereby ISCOTT's name was replaced on the lease by CIL's. During the POI, CIL paid the 1988 revised rental fee for the site.

Under section 771(5) of the Act, in order for a subsidy to be countervailable it must, *inter alia*, confer a benefit. In the case of goods or services, a benefit is normally conferred if the goods or services are provided for less than adequate remuneration. The adequacy of remuneration is determined in relation to prevailing market conditions for the good or service provided in the country of exportation.

In establishing lease rates for sites in the industrial estate, PLIPDECO uses a standard schedule of lease rates as a starting point for negotiating with prospective tenants. The standard lease rates reflect PLIPDECO's evaluation of the market value of land in the estate. Negotiated rates differ from the standard rates based on various factors, such as the size of the lot, the type of business,

the attractiveness of the tenant, and the date on which the lease rate was signed.

Because the rates are negotiated individually with each tenant, the rate paid by CIL (and other tenants) is specific. Therefore, it is necessary to examine whether PLIPDECO is receiving adequate remuneration for the land it leases to CIL.

The site leased by ISCOTT in 1983 and now occupied by CIL is the largest site in the Point Lisas Industrial Estate with an overall area that is considerably more than double the size of the next largest site. Nevertheless, during the POI, CIL's lease fee per square meter for this site appears to have been in line with the lease fees for other sites. This fact indicates that CIL's lease rate is consistent with prevailing market conditions, at least in the Point Lisas Industrial Estate. A further indication that the rates paid by tenants of the estate, including CIL, provide adequate remuneration is the substantial private participation in PLIPDECO since 1994. On these bases, we preliminarily determine that CIL's lease rates have provided adequate remuneration for its site in the Point Lisas Industrial Estate.

At this time, we have no information regarding whether other industrial estates are in operation in Trinidad and Tobago and, if so, what rates are charged by these estates. For our final determination, we will attempt to obtain any available information on lease rates for other industrial estates that may be located in Trinidad and Tobago.

C. Preferential Natural Gas Prices

NGC is the sole supplier of natural gas to industrial and commercial users in Trinidad and Tobago. NGC provides gas pursuant to individual contracts with each of its customers. Natural gas prices to small consumers are fixed with an annual escalator. Prices to large consumers are negotiated individually based on annual volume, contract duration, payment terms, use made of the gas, any take or pay requirement in the contract, NGC's liability for damages, and whether new pipeline is required. Prices must be approved by NGC's Board of Directors. The GOTT indicates that none of the current members of the board is a government official nor do any government laws or regulations regulate the pricing of natural gas.

The price paid by CIL for natural gas during the POI was established in a January 1, 1989 contract between ISCOTT and NGC, which ISCOTT assigned to CIL on April 28, 1989. Average price data submitted by the GOTT for large industrial users of natural gas indicate that the price paid by CIL during the POI was in line with the average price paid by large industrial users overall.

Based on the same analysis described above regarding the lease at Point Lisas Industrial Estate, we have preliminarily determined that the prices paid by CIL to NGC provide adequate remuneration for the natural gas supplied to CIL. Therefore, we have preliminarily determined that NGC's provision of natural gas to CIL is not a countervailable subsidy under section 771(5) of the Act.

III. Program for Which More Information Is Needed

A. Preferential Electricity Prices

The Trinidad and Tobago Electric Commission (''TTEC''), which is wholly-owned by the GOTT, is the sole supplier of electric power in Trinidad and Tobago. Prior to December 23, 1994, TTEC generated the power, which it sold. But on and after this date, TTEC divested its power generating assets to the Power Generating Company of Trinidad and Tobago Limited (''PowerGen''), which is now the sole producer of power in the country. PowerGen is owned 51 percent by TTEC, 39 percent by Southern Electric International Trinidad Inc., and 10 percent by Amoco Power Resources Corporation.

The rates and tariffs for the sale of electricity are set by the Public Utilities Commission (''PUC''), an independent authority. In setting rates, the PUC takes into account cost of service studies done by TTEC. Rates are comprised of a flat rate based on energy consumption and a flat demand charge. Adjustments are made for fuel costs and movements in exchange rates between the Trinidad and Tobago dollar and the U.S. dollar.

For billing purposes, TTEC classifies electricity consumers into one of the following categories: residential, commercial, industrial, and street lighting. Industrial users are further classified into one of four categories depending on the voltage at which they take power and the size of the load taken. CIL is the sole user in the very large load category taking its power at 132 kV for loads over 25,000 KVA. Other large industrial users take power at 33 kV or 66 kV and at loads from 199 to 25,000 KVA.

In its June 30, 1997, supplementary response, the GOTT supplied a cost of service study incorporating 1996 data. The GOTT recently informed us that the study is only provisional and a final study, with revised figures, will be issued soon. Given the relevancy of this study to our analysis, we are requesting that the GOTT supply us with a copy of the final study when it is becomes available. We will consider the results of this study as well as all other information on the record regarding TTEC's provision of electricity to CIL in making our final determination.

IV. Programs Preliminarily Determined To Be Not Used

A. Export Promotion Allowance

B. Corporate Tax Exemption

V. Program Preliminarily Determined Not To Exist

A. Loan Guarantee From the Trinidad and Tobago Electricity Commission

By 1988, ISCOTT had accumulated TT $19,086,000 in unpaid electricity bills owed to TTEC. To manage this debt, TTEC obtained a loan from the Royal Bank in the amount of TT $19,000,000, which enabled TTEC to more readily carry the receivable due from ISCOTT. By 1991, ISCOTT extinguished its debt to TTEC.

At no time during this period did TTEC provide a guarantee to ISCOTT which enabled ISCOTT to secure a loan to settle the outstanding balance on its account. The financing obtained by TTEC from the Royal Bank benefitted TTEC rather than ISCOTT because it allowed TTEC to have immediate use of funds that otherwise would not have been available to it. On this basis, we preliminarily determine that TTEC did not provide a loan guarantee to ISCOTT for purposes of securing a loan to settle the outstanding balance owed to TTEC. Therefore, we preliminarily determine that this program did not exist.

Verification

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

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated a subsidy rate for CIL, the one company under investigation. We are also applying CIL's rate to any companies not investigated or any new companies exporting the subject merchandise.

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of steel wire rod from Trinidad and Tobago which are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of the

merchandise in the amounts indicated below. This suspension will remain in effect until further notice.

Company Ad Valorem Rate

CIL—16.04 percent
All Others—16.04 percent

ITC Notification

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

If our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Public Comment

In accordance with 19 CFR 355.38, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing will be held on September 22, 1997, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1874, 14th Street and Constitution Avenue, N.W., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Requests for a public hearing should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. In addition, eight copies of the business proprietary version and three copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than September 8, 1997. Eight copies of the business proprietary version and three copies of the nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than September 15, 1997. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal briefs. Parties who submit an 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. Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

If this investigation proceeds normally, we will make our final determination by October 14, 1997.

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

Dated: July 28, 1997.

Jeffrey P. Bialos,

Acting Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–122–827]

Preliminary Affirmative Countervailing Duty Determination: Steel Wire Rod From Canada

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

EFFECTIVE DATE: August 4, 1997.

FOR FURTHER INFORMATION CONTACT: Robert Bolling or Rick Johnson, Office of AD/CVD Enforcement, Office IX, Import Administration, International Trade Administration, U.S. Department of Commerce, Room 1874, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–1386, or 482–0165.

Preliminary Determination

The Department preliminarily determines that countervailable subsidies have been provided to Sidbec-Dosco (Ispat) Inc. (*see* ''Corporate History'') a producer and exporter of steel wire rod from Canada. We have also preliminarily determined that Ivaco, Inc. (Ivaco) and Stelco, Inc. (Stelco) received no countervailable subsidies. For information on the estimated countervailing duty rates, see the *Suspension of Liquidation* section of this notice.

Case History

Since the publication of the notice of initiation in the **Federal Register** (62 FR 13866, March 24, 1997) the following events have occurred:

On April 1, 1997, we issued a questionnaire to the Government of Canada (GOC), the Government of Quebec (GOQ), Sidbec-Dosco (Ispat) Inc. (Sidbec-Dosco (Ispat)), Stelco, Inc. (Stelco) and Ivaco, Inc. (Ivaco). On May 2, 1997, we postponed the preliminary determination in this investigation until July 28, 1997 (62 FR 25172, May 8, 1997). On May 27, we received responses from the GOC, GOQ, Sidbec-Dosco (Ispat), Stelco, and Ivaco. On June 13, 1997, we issued a supplemental questionnaire to respondents. Additionally, on June 13, 1997, we issued a questionnaire to the Government of Ontario (GOO). We received responses on July 2, 1997 from respondents GOC, GOO, Sidbec-Dosco (Ispat), Stelco, and Ivaco. On July 3, 1997, we received the GOQ's response to this questionnaire. On July 10, 1997, we issued a second supplemental questionnaire to the GOC, GOQ, GOO, and Sidbec-Dosco (Ispat). We received responses on July 17, 1997.

On June 6, 1997, petitioners alleged that Sidbec, Inc., the government-owned company which was the parent company to Sidbec-Dosco, Inc., during the period in which the alleged subsidies were granted, received subsidies from the GOC and the GOQ which benefitted the subject merchandise. Petitioners requested that the Department include these new subsidy allegations in its investigation of steel wire rod from Canada.

On July 1, 1997, we initiated an investigation on these additional subsidy allegations and issued questionnaires to Sidbec, Inc., the GOC and GOQ on July 2, 1997. We received responses to this questionnaire on July 16, 1997.

Scope of Investigation

The products covered by this investigation are certain hot-rolled carbon steel and alloy steel products, in coils, of approximately round cross section, between 5.00 mm (0.20 inch) and 19.0 mm (0.75 inch),inclusive, in solid cross-sectional diameter. Specifically excluded are steel products possessing the above noted physical characteristics and meeting the Harmonized Tariff Schedule of the United States (HTSUS) definitions for (a) stainless steel; (b) tool steel; (c) high nickel steel; (d) ball bearing steel; (e) free machining steel that contains by weight 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.4 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium; or (f) concrete reinforcing bars and rods.