interested parties may submit written comments in response to these preliminary results. Case briefs must be submitted within 30 days after the date of publication of this notice, and rebuttal briefs, limited to arguments raised in case briefs, must be submitted no later than five days after the time limit for filing case briefs. 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. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Also, pursuant to 19 CFR 351.310, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs, that is, thirty-seven days after the date of publication of these preliminary results.

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 case briefs, under 19 CFR 351.309(c)(ii), 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 is issued and published in accordance with section 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 U.S.C. 1677f(i)(1)).

Dated: July 6, 1998.

Richard W. Moreland,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 98–18599 Filed 7–10–98; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–533–063]

Certain Iron-Metal Castings from India: Preliminary Results of Countervailing Duty Administrative Review

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

ACTION: Notice of Preliminary Results of Countervailing Duty Administrative Review.

SUMMARY: The Department of Commerce is conducting an administrative review of the countervailing duty order on certain iron-metal castings from India. The period covered by this administrative review is January 1, 1996 through December 31, 1996. For information on the net subsidy for each reviewed company, as well as for all non-reviewed companies, please 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. (*See Public Comment* section of this notice.)

EFFECTIVE DATE: July 13, 1998.

FOR FURTHER INFORMATION CONTACT: Kristen Johnson or Christopher Cassel, Office of CVD/AD Enforcement VI, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482–2786.

SUPPLEMENTARY INFORMATION:

Background

On October 16, 1980, the Department of Commerce (''the Department'') published in the **Federal Register** (45 FR 50739) the countervailing duty order on certain iron-metal castings from India. On October 2, 1997, the Department published a notice of ''Opportunity to Request Administrative Review'' (62 FR 51628) of this countervailing duty order. We received timely requests for review, and we initiated a review covering the period January 1, 1996 through December 31, 1996, on November 26, 1997 (62 FR 63069).

In accordance with 19 C.F.R. 351.213(b), this review covers only those producers or exporters of the subject merchandise for which a review was specifically requested. The producers/exporters of the subject merchandise for which the review was requested are:

Calcutta Ferrous Ltd.,
Carnation Industries Ltd.,
Commex Corporation,
Crescent Foundry Co. Pvt. Ltd.,
Delta Enterprises,
Dinesh Brothers (P) Ltd.,
Kajaria Iron Castings Pvt. Ltd.,
Kejriwal Iron & Steel Works Pvt. Ltd.,
Metflow Corporation,
Nandikeshwari Iron Foundry Pvt. Ltd.,
Orissa Metal Industries,
Overseas Iron Foundry,
R.B. Agarwalla & Company,
R.B. Agarwalla & Co. Pvt. Ltd.,
RSI Limited,
Seramapore Industries Pvt. Ltd.,
Shree Rama Enterprise,
Shree Uma Foundries,
Siko Exports,
SSL Exports,
Super Iron Foundry,
Uma Iron & Steel, and
Victory Castings Ltd.

Delta Enterprises, Metflow Corporation, Orissa Metal Industries, R.B. Agarwalla & Co. Pvt. Ltd., Shree Uma Foundries, Siko Exports, and SSL Exports did not export the subject merchandise to the United States during the period of review (''POR''). Therefore, these companies have not been assigned an individual company rate for this administrative review. This review covers 19 programs.

On November 14, 1997, the Department issued a questionnaire to the Government of India (''GOI'') and producers/exporters of the subject merchandise. The Department received questionnaire responses from the GOI and the producers/exporters of the subject merchandise on January 13, 1998. The Department issued supplemental questionnaires to the GOI and certain producers/exporters of the subject merchandise on March 16 and 25, 1998, April 30, 1998, and May 14, 1998. The supplemental questionnaire responses were received on April 9, 1998, and May 11, 15, and 21, 1998.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (''URAA'') effective January 1, 1995 (''the Act''). The Department is conducting this administrative review in accordance with section 751(a) of the Act. All citations to the Department's regulations reference 19 C.F.R. Part 351, 62 FR 27296 (May 19, 1997), unless otherwise indicated.

Scope of the Review

Imports covered by this administrative review are shipments of Indian manhole covers and frames, clean-out covers and frames, and catch basin grates and frames. These articles are commonly called municipal or public works castings and are used for access or drainage for public utility, water, and sanitary systems. During the review period, such merchandise was classifiable under the *Harmonized Tariff Schedule* (''HTS'') item numbers 7325.10.0010 and 7325.10.0050. 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 by the Government of India and certain producers/exporters of the subject merchandise. We followed standard verification procedures, including meeting with government and company officials and conducting an examination of all relevant accounting and financial records and other original source documents. Our verification results are outlined in the public versions of the verification reports, which are on file in the Central Records Unit (Room B–099 of the Main Commerce Building).

Analysis of Programs

I. Programs Conferring Subsidies

A. Pre-Shipment Export Financing

The Reserve Bank of India (''RBI''), through commercial banks, provides short-term pre-shipment financing, or ''packing credits,'' to exporters. Upon presentation of a confirmed export order or letter of credit, companies may receive pre-shipment loans for working capital purposes, *i.e.*, for the purchase of raw materials and for packing, warehousing, and transporting of export merchandise. Exporters may also establish pre-shipment credit lines upon which they may draw as needed. Credit line limits are established by commercial banks, based upon a company's creditworthiness and past export performance. Companies that have pre-shipment credit lines typically pay interest on a quarterly basis on the outstanding balance of the account at the end of each period. In general, packing credits are granted for a period of up to 180 days.

Commercial banks extending export credit to Indian companies must, by law, charge interest on this credit at rates determined by the RBI. During the POR, the rate of interest charged on pre-shipment export loans was 13.0 percent. For packing credits not repaid within 180 days, banks charged interest at 15.0 percent for the number of days the loan was overdue. Exporters would lose the concessional interest rate if the loan was not repaid within 270 days. If that occurred, banks were able to charge a non-concessional interest rate above 15.0 percent. If the pre-shipment loan was outstanding beyond 360 days, banks then charged the cash credit rate from the first day of advance of the loan until the exports were realized.

Interest charged under this program must be liquidated with export proceeds. If the interest is paid with sources other than foreign currency export proceeds, the interest element of the loan is not treated as export credit, and is charged at rates applicable to domestic credit. During the POR, if a company's exports did not materialize, banks charged the cash credit rate plus a penal interest rate of two (2.0) percent from the first day of advance of the loan.

The Department found this program to be an export subsidy, and thus countervailable, in prior administrative reviews of this order, because receipt of pre-shipment export financing was contingent upon export performance, and the interest rates were preferential. *See, e.g., Final Results of Countervailing Duty Administrative Review: Certain Iron-Metal Castings From India,* 56 FR 41658 (August 22, 1991); *Final Results of Countervailing Duty Administrative Review: Certain Iron-Metal Castings From India,* 56 FR 52515 (October 21, 1991); and *Final Results of Countervailing Duty Administrative Review: Certain Iron-Metal Castings From India,* 61 FR 64676 (December 6, 1996) (''*1987, 1988, and 1993 Indian Castings Final Results*''). No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding. Therefore, in accordance with § 771(5A)(B) of the Act, we continue to find that this program constitutes an export subsidy.

To determine the benefit conferred under this program, we compared the interest rate charged under the pre-shipment financing program to a benchmark interest rate. In conducting this administrative review, we learned that of the twelve respondents that received pre-shipment financing on which interest was paid during the POR, four had received, and paid interest on, commercial short-term working capital loans, which were not provided under a GOI program. These companies are: Calcutta Ferrous Ltd. (''Calcutta Ferrous''), Crescent Foundry Co. Pvt. Ltd. (''Crescent Foundry''), Dinesh Brothers (P) Ltd. (''Dinesh''), and Nandikeshwari Iron Foundry Pvt. Ltd. (''Nandikeshwari''). For these companies, we used a company-specific benchmark interest rate to measure the benefit each company received under the pre-shipment export financing scheme.

For all other respondents, we used as our benchmark the cash credit rate. In the 1994 administrative review of this order, the Department determined that, in the absence of a company-specific benchmark, the most ''comparable'' short-term benchmark to measure the benefit under the pre-shipment export financing scheme is the cash credit interest rate. *See, Final Results of Countervailing Duty Administrative Review: Certain Iron-Metal Castings From India,* 62 FR 32297 (June 13, 1997) (''*1994 Indian Castings Final Results*''). The cash credit interest rate is for domestic working capital finance, and thus comparable to pre-and post-shipment export working capital finance. During the POR, this rate was 18.44 percent, as reported by the GOI in its April 9, 1998 questionnaire response.

We compared either the company-specific benchmark rates or the cash credit benchmark rate, as appropriate, to the interest rates charged on pre-shipment rupee loans and found that for loans granted under this program, the interest rates charged were lower than the benchmark rates. Therefore, in accordance with section 771(5)(E)(ii) of the Act, this program conferred countervailable benefits during the POR because the interest rates charged on these loans were less than what a company otherwise would have had to pay on a comparable short-term commercial loan.

To calculate the benefit from the pre-shipment loans, we compared the actual interest paid on the loans with the amount of interest that would have been paid at the applicable benchmark interest rate. Where the benchmark rates exceeded the program rates, the difference between those amounts is the benefit.

If the pre-shipment financing loans were provided solely to finance exports of subject merchandise to the United States, we divided the benefit derived from those loans by exports of subject merchandise to the United States. For all other pre-shipment financing loans, we divided the benefit by total exports to all destinations. On this basis, we preliminarily determine the net subsidy from this program for the producers/exporters of the subject merchandise to be as follows:

Net subsidies—producer/exporter	Net subsidy rate—percent
Calcutta Ferrous Ltd	0.20
Commex Corporation	0.13
Crescent Foundry Co. Pvt. Ltd	0.08
Dinesh Brothers Pvt. Ltd	3.05
Kajaria Iron Castings Pvt. Ltd	0.33
Nandikeshwari Iron Foundry Pvt. Ltd	0.22
R.B. Agarwalla & Company	0.34
RSI Limited	0.37
Seramapore Industries Pvt. Ltd	0.53
Super Iron Foundry	1.11
Uma Iron & Steel	0.34

Net subsidies—producer/exporter	Net subsidy rate—percent
Victory Castings Ltd	0.30

B. Post-Shipment Export Financing

Post-shipment export financing consists of loans in the form of trade bill discounting or advances by commercial banks. The credit covers the period from the date of shipment of the goods, to the date of realization of export proceeds from the overseas customer. Post-shipment finance, therefore, is a working capital finance or sales finance against receivables. The interest amount owed is deducted from the total amount of the bill at the time of discounting by the bank. The exporter's account is then credited for the rupee equivalent of the net amount.

In general, post-shipment loans are granted for a period of up to 90 days. The interest rate charged on these loans was 13.0 percent during the POR. For loans not repaid within the negotiated number of days (90 days maximum), banks assessed interest at 15.0 percent for the number of days the loan was overdue, up to six months from the date of shipment. Between February 8, 1996 and October 20, 1996, the RBI ''freed'' the interest rate charged on loans not repaid within 90 days, and allowed banks to charge commercial interest rates on such credit. On October 21, 1996, the RBI restored the 15.0 percent interest rate for loans due beyond 90 days. For loans not repaid within 180 days, exporters would lose the concessional interest rate on this financing, and interest would be charged at a commercial rate determined by the banks.

In prior administrative reviews, the Department found this program to be an export subsidy because receipt of the post-shipment financing was contingent upon export performance, and the interest rates were preferential. *See, e.g., 1987, 1988, and 1993 Indian Castings Final Results.* No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding. Therefore, in accordance with section 771(5A)(B) of the Act, we continue to find that this program constitutes an export subsidy. During the POR, thirteen of the sixteen respondent companies made payments on post-shipment loans for exports of subject castings to the United States.

To determine the benefit conferred under this program, we compared the interest rate charged under the post-shipment financing program to a benchmark interest rate. For Calcutta Ferrous, Crescent Foundry, Dinesh, and Nandikeshwari, we used as our benchmark, the company-specific interest rates, discussed above, to measure the benefit each company received under the post-shipment export financing scheme. Because the loans under this program are discounted, and the effective rate paid by the exporters on these post-shipment loans is a discounted rate, we derived discounted benchmark rates from each company's respective benchmark interest rate.

In regard to those respondents for which we did not have a company-specific benchmark rate, we used as our benchmark, the cash credit rate discussed above in the pre-shipment financing section. From the cash credit benchmark, we derived a discounted rate of 15.57 percent for measuring the benefits conferred by this program.

We compared either the discounted company-specific benchmark rates or the discounted cash credit benchmark rate to the interest rates charged on post-shipment loans and found that for loans granted under this program, the interest rates charged were lower than the benchmarks. Therefore, in accordance with section 771(5)(E)(ii) of the Act, this program conferred countervailable benefits during the POR where the interest rates charged on the loans were less than what a company otherwise would have had to pay on a comparable short-term commercial loan.

To calculate the benefit from these loans, we followed the same short-term loan methodology discussed above for pre-shipment financing. We divided the benefit by either total exports or exports of the subject merchandise to the United States, depending on whether the company was able to segregate its post-shipment financing by merchandise and destination. For RSI Limited, however, we used as our denominator, total exports of subject castings and non-subject castings to the United States. On this basis, we preliminarily determine the net subsidy from this program for the producers/exporters of the subject merchandise to be as follows:

Net subsidies—producer/exporter	Net subsidy rate—percent
Calcutta Ferrous Ltd	0.78
Carnation Industries Ltd	0.03
Commex Corporation	0.35
Crescent Foundry Co. Pvt. Ltd	0.31
Dinesh Brothers Pvt. Ltd	0.67
Kajaria Iron Castings Pvt. Ltd	0.42
Nandikeshwari Iron Foundry Pvt. Ltd	0.27
R.B. Agarwalla & Company	0.35
RSI Limited	0.20
Seramapore Industries Pvt. Ltd	0.05
Super Iron Foundry	0.12
Uma Iron & Steel	0.53
Victory Castings Ltd	0.40

C. Post-Shipment Export Credit in Foreign Currency (''PSCFC'')

On January 1, 1992, the GOI introduced a modified post-shipment financing scheme, *i.e.*, Post-Shipment Export Credit in Foreign Currency. (The GOI terminated the PSCFC scheme effective February 8, 1996.) This modified scheme enabled exporters to discount foreign currency export bills at foreign currency interest rates linked to the London Interbank Offering Interest Rate (''LIBOR''). Loans under this financing scheme were not provided to the exporter in the foreign currency, but the post-shipment credit liability of the exporter was denominated in the foreign currency, which was then liquidated with export proceeds in foreign currency. During the POR, PSCFC loans were granted for a period of up to 90 days with an interest rate fixed by the RBI. The interest amount, calculated at the applicable foreign currency interest rate, was deducted from the total amount of the bill at the time of discounting by the bank. The exporter's account was then credited for the rupee equivalent of the net foreign currency amount. During the POR, the interest rate charged on PSCFC loans ranged from 7.5 percent to 9.5 percent for the negotiated term of the loan (90 days maximum). Interest on overdue loans was charged at 9.5 percent until January 15, 1996. Thereafter, banks were free to charge commercial interest rates on PSCFC loans not repaid within 90 days.

If the overseas customer defaulted and the export bill could not be liquidated with export proceeds, the PSCFC loan was converted into rupee credit at the selling foreign exchange rate prevailing on the day of liquidation. The exporter was responsible for paying the rupee equivalent of the bill at the exchange rate prevailing on the day of liquidation by the bank. The interest recovered on the liquidated loan was charged at a commercial rate determined by the bank.

Under the PSCFC program, companies had the option of converting their export bills into rupees using either the spot rate of exchange or the forward rate of exchange. During the POR, all respondent companies, which used the PSCFC program, elected to convert their export bills into rupees at the spot rate of exchange. If the bank holding the export bill, converted at the spot rate, realized an exchange rate gain due to exchange rate movements up to the date the bill came due, the bank was required, by law, to transfer the gain to the exporter. However, if the bank suffered an exchange rate loss, the exporter, by law, was obligated to cover that loss. Thus, the bank, in effect, faced an exchange rate that was fixed over the ''life of the bill.'' Under such circumstances, where the rupee value of the bill—from the bank's standpoint—is, in fact, fixed at the time of discount, the rate of discount measured in either dollars or rupees is the same. Therefore, the PSCFC discount rate can be viewed equivalently as either a dollar-denominated rate or a rupee-denominated rate. If viewed as a dollar-denominated rate, no exchange rate adjustment to the rupee-denominated benchmark is warranted, because the banks face no exchange rate risk in holding the bills. Thus, no matter how the PSCFC discount rate is viewed, a rupee-benchmark is appropriate for benefit calculation purposes where the exporter opts to convert the exports bills using the spot rate of exchange.

In the *1993 Indian Castings Final Results*, the Department found this program to be an export subsidy, and thus countervailable, because receipt of PSCFC loans was contingent upon export performance, and the interest rates were preferential. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding. Therefore, in accordance with § 771(5A)(B) of the Act, we continue to find that this program constitutes an export subsidy. During the POR, five of the sixteen respondent companies made payments on PSCFC loans for shipments of subject castings to the United States.

To determine the benefit conferred under this program, we compared the interest rate charged under the PSCFC to a benchmark interest rate. For Calcutta Ferrous, Dinesh, and Nandikeshwari, we used as our benchmark, the company-specific interest rates, discussed above, to measure the benefit each company received under the PSCFC. Because the loans under this program are discounted, and the effective rate paid by the exporters on the PSCFC loans is a discounted rate, we derived discounted benchmark rates from each company's respective company-specific benchmark interest rate.

In regard to those respondents for which we did not have a company-specific benchmark rate, we used as our benchmark, the cash credit rate discussed above in the pre-shipment financing section. From the cash credit benchmark, we derived a discounted rate of 15.57 percent for measuring the benefits conferred by this program.

We compared either the company-specific benchmark discounted rates or the discounted cash credit benchmark rate to the interest rates charged on the PSCFC loans and found that the interest rates charged were lower than the benchmarks. Therefore, in accordance with section 771(5)(E)(ii) of the Act, this program conferred countervailable benefits during the POR because the interest rates charged on these loans were less than what a company otherwise would have had to pay on a comparable short-term commercial loan.

To calculate the benefit from these loans, we followed the same short-term loan methodology discussed above for pre-shipment financing. We divided the benefit by either total exports or exports of the subject merchandise to the United States, depending on whether the company was able to segregate its PSCFC financing by merchandise and destination. For RSI Limited, however, we used as our denominator, total exports of subject castings and non-subject castings to the United States. On this basis, we preliminarily determine the net subsidy from this program to be as follows:

Net subsidies—producer/exporter	Net subsidy rate—percent
Calcutta Ferrous Ltd	0.06
Dinesh Brothers Pvt. Ltd	0.15
Nandikeshwari Iron Foundry Pvt. Ltd	0.08
R.B. Agarwalla & Company	0.11
RSI Limited	0.08

As noted above, the GOI terminated the PSCFC scheme effective February 8, 1996. All PSCFC loans received by the five above listed companies were repaid in their entirety (principal and interest) during the POR. We verified that no residual benefits have been provided or received, and there is no evidence that a substitute program has been established. Therefore, in determining the cash deposit rates for these five castings producers/exporters, we will not include the subsidy conferred by this program during the POR.

D. Income Tax Deductions Under Section 80HHC

Under section 80HHC of the Income Tax Act, the GOI allows exporters to deduct profits derived from the export of merchandise from taxable income. In prior administrative reviews of this order, the Department found this program to be an export subsidy, and thus countervailable, because receipt of benefits was contingent upon export performance. *See, e.g., 1993 Indian Castings Final Results.* No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding. Therefore, in accordance with section771(5A)(B) of the Act, we continue to find that this program constitutes an export subsidy, and that the financial contribution in the form of tax revenue not collected, constitutes the benefit.

To calculate the benefit to each company, we subtracted the total amount of income tax the company actually paid during the review period from the amount of tax the company otherwise would have paid during the review period had it not claimed any deductions under section 80HHC. We then divided this difference by the value of the company's total exports. On this basis, we preliminarily determine the net subsidy from this program to be as follows:

Net subsidies—producer/exporter	Net subsidy rate—percent
Calcutta Ferrous Ltd.	2.91
Carnation Industries Ltd.	2.92
Commex Corporation	4.79
Crescent Foundry Co. Pvt. Ltd.	4.53
Dinesh Brothers Pvt. Ltd.	5.31
Kajaria Iron Castings Pvt. Ltd.	0.00
Kejriwal Iron & Steel Works Pvt. Ltd.	11.76
Nandikeshwari Iron Foundry Pvt. Ltd.	3.71
Overseas Iron Foundry	3.74
R.B. Agarwalla & Company	2.73
RSI Limited	2.73
Seramapore Industries Pvt. Ltd.	4.16
Shree Rama Enterprise	10.85
Super Iron Foundry	1.93
Uma Iron & Steel	0.40
Victory Castings Ltd. 2.91	2.17

E. Import Mechanisms (Sale of Licenses)

The GOI allows companies to transfer certain types of import licenses to other companies in India. In prior administrative reviews of this order, the Department found the sale of these licenses to be an export subsidy, and thus countervailable, because companies received these licenses based on their status as exporters. *See, e.g., 1993 Indian Castings Final Results.* No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding. Therefore, in accordance with section 771(5A)(B) of the Act, we continue to find that this program constitutes an export subsidy, and the financial contribution in the form of the revenue received on the sale of licenses, constitutes the benefit.

During the POR, five of the sixteen respondent companies sold Special Import Licenses. Because the sale of the Special Import Licenses were not tied to specific shipments, we calculated the subsidies by dividing the total amount of proceeds a company received from the sale of these licenses by the total value of its exports of all products to all markets. We preliminarily determine the net subsidy from the sale of the Special Import Licenses for these five companies to be as follows:

Net subsidies—producer/exporter	Net subsidy rate—percent
Carnation Industries Ltd.	0.24
Kajaria Iron Castings Pvt. Ltd.	0.68
Kejriwal Iron & Steel Works	1.00
RSI Limited	0.03
Seramapore Industries Pvt. Ltd.	0.73

F. Exemption of Export Credit from Interest Taxes

Indian commercial banks are required to pay a tax on all interest accrued from borrowers. The banks pass along this tax to borrowers in its entirety. As of April 1, 1993, the GOI exempted from the interest tax all interest accruing to a commercial bank on export-related loans. In the 1993 administrative review, we determined that this tax exemption is an export subsidy and thus countervailable, because only interest accruing on loans and advances made to exporters in the form of export credit is exempt from the interest tax. *See, 1993 Indian Castings Final Results.* No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this finding. Therefore, in accordance with § 771(5A)(B) of the Act, we continue to find that this program constitutes an export subsidy, and that the financial contribution in the form of tax revenue not collected, constitutes the benefit.

During the POR, thirteen of the sixteen respondent companies made interest payments on export-related loans, through the pre- and post-shipment financing schemes, and thus, were exempt from the interest tax under this program. To calculate the benefit to each company, we first determined the total amount of interest paid by each producer/exporter of subject castings during the POR by adding the interest payments made on all pre- and post-shipment export loans. Next, we multiplied this amount by three (3.0) percent, the tax rate that the interest would have been subject to without the exemption during the POR. We then divided the benefit by the value of the company's total exports or exports of subject merchandise to the United States, depending on whether the export financing was tied to total exports or only exports of subject castings to the United States. For RSI Limited, however, to determine the benefit conferred from the exemption of interest on the company's post-shipment financing, we used as our denominator, total exports of subject castings and non-subject castings to the United States. On this basis, we preliminarily determine the net subsidy from this program to be as follows:

Net subsidies—producer/exporter	Net subsidy rate—percent
Calcutta Ferrous Ltd.	0.14
Carnation Industries Ltd.	0.13
Commex Corporation	0.06
Crescent Foundry Co. Pvt. Ltd.	0.06
Dinesh Brothers Pvt. Ltd.	0.39
Kajaria Iron Castings Pvt. Ltd.	0.26
Nandikeshwari Iron Foundry Pvt. Ltd.	0.13
R.B. Agarwalla & Company	0.11
RSI Limited	0.22
Seramapore Industries Pvt. Ltd.	0.07
Super Iron Foundry	0.16
Uma Iron & Steel	0.11
Victory Castings Ltd.0.14	0.18

II. Programs Preliminarily Found To Be Not Used

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

1. Market Development Assistance (MDA)
2. Rediscounting of Export Bills Abroad (EBR)
3. International Price Reimbursement Scheme (IPRS)
4. Cash Compensatory Support Program (CCS)
5. Programs Operated by the Small Industries Development Bank of India (SIDBI)
6. Export Promotion Replenishment Scheme (EPRS) (IPRS Replacement)
7. Export Promotion Capital Goods Scheme
8. Benefits for Export Oriented Units and Export Processing Zones
9. Special Imprest Licenses
10. Special Benefits
11. Duty Drawback on Excise Taxes
12. Payment of Premium Against Advance Licenses
13. Pre-Shipment Export Financing in Foreign Currency (PCFC).

Preliminary Results of Review

In accordance with 19 C.F.R. § 351.221(b)(4)(i), we calculated an individual subsidy rate for each producer/exporter subject to this administrative review. For the period January 1, 1996 through December 31, 1996, we preliminarily determine the net subsidy for the reviewed companies to be as follows:

Net subsidies—producer/exporter	Net subsidy rate—percent
Calcutta Ferrous Ltd	4.09
Carnation Industries Ltd	3.32
Commex Corporation	5.33
Crescent Foundry Co. Pvt. Ltd	4.98
Dinesh Brothers Pvt. Ltd	9.57
Kajaria Iron Castings Pvt. Ltd	1.69
Kejriwal Iron & Steel Works Pvt. Ltd	12.76
Nandikeshwari Iron Foundry Pvt. Ltd	4.41
Overseas Iron Foundry	3.74
R.B. Agarwalla & Company Pvt. Ltd	3.64
RSI Limited	3.63
Seramapore Industries Pvt. Ltd	5.54
Shree Rama Enterprise	10.85
Super Iron Foundry	3.32
Uma Iron & Steel	1.38
Victory Castings Ltd	3.05

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 as indicated below, of the f.o.b. invoice price on all shipments of the subject merchandise from reviewed companies, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review. Because the Post-Shipment Export Credit in Foreign Currency program was terminated effective February 8, 1996, we are not including the subsidy conferred by this program during the review period, in determining the cash deposits to be collected by Customs. We preliminarily determine the cash deposit rates for the reviewed companies to be as follows:

Net Subsidies—Producer/Exporter	Net subsidy rate—percent
Calcutta Ferrous Ltd	4.03

Net Subsidies—Producer/Exporter	Net subsidy rate—percent
Carnation Industries Ltd	3.32
Commex Corporation	5.33
Crescent Foundry Co. Pvt. Ltd	4.98
Dinesh Brothers Pvt. Ltd	9.42
Kajaria Iron Castings Pvt. Ltd	1.69
Kejriwal Iron & Steel Works Pvt. Ltd	12.76
Nandikeshwari Iron Foundry Pvt. Ltd	4.33
Overseas Iron Foundry	3.74
R.B. Agarwalla & Company Pvt. Ltd	3.53
RSI Limited	3.55
Seramapore Industries Pvt. Ltd	5.54
Shree Rama Enterprise	10.85
Super Iron Foundry	3.32
Uma Iron & Steel	1.38
Victory Castings Ltd	3.05

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. 351.213(b). Pursuant to 19 C.F.R. 351.212(c), 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) (now 19 C.F.R. 351.212(c)), the antidumping regulation on automatic assessment, which is identical to 19 C.F.R. 355.22(g)). Therefore, the cash deposit rates for all companies except those covered by this review 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 will be the rate for that company established in the most recently completed administrative proceeding conducted under the URAA. *See, 1994 Indian Castings Final Results.* If such a review has not been conducted, the rate established in the most recently completed administrative proceeding pursuant to the statutory provisions that were in effect prior to the URAA amendments is applicable. *See, 1993 Indian Castings Final Results.* 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, 1996 through December 31, 1996, 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.

Public Comment

Pursuant to 19 C.F.R. 351.224(b), the Department will disclose to the parties of this proceeding within five days after the date of publication of this notice, the calculations performed in this review. Interested parties may request a hearing not later than 30 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 five 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 two 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 C.F.R. 351.303(f).

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 C.F.R. 351.309(c)(ii), 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 issued and published in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)), 19 C.F.R. 351.213.

Dated: July 6, 1998.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 98–18598 Filed 7–10–98; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–427–815, C–475–825, and C–580–835]

Notice of Initiation of Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils From France, Italy, and the Republic of Korea

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

EFFECTIVE DATE: July 13, 1998.

FOR FURTHER INFORMATION CONTACT: Marian Wells (France), at (202) 482–6309; Vince Kane (Italy), at (202) 482–2815; and Robert Copyak (Korea), at (202) 482–2209, Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise 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 Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR Part 351, 62 FR 27296, May 19, 1997.

The Petition

On June 10, 1998, the Department of Commerce (the Department) received petitions filed in proper form by or on behalf of Allegheny Ludlum Corporation, Armco Inc., J&L Specialty Steel, Inc., Washington Steel Division of Bethlehem Steel Corporation, United Steel Workers of America, AFL-CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization, Inc. (the petitioners). J&L Specialty Steel, Inc. is not a petitioner for the countervailing duty investigation involving France. Supplements to the petitions were filed on June 19, 22, 24, and 26, 1998.

In accordance with section 702(b)(1) of the Act, petitioners allege that manufacturers, producers, or exporters of the subject merchandise in France, Italy, and Korea receive countervailable subsidies within the meaning of section 701 of the Act.

The petitioners state that they have standing to file the petition because they are interested parties, as defined under sections 771(9)(c) and (d) of the Act.

Scope of the Investigations

For purposes of these investigations, the products covered are certain