deposit of estimated countervailing duties of zero percent *ad valorem*, as provided for by section 751(a)(1) of the Act, on all shipments of this merchandise from Marchesan, entered or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this administrative review.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 or 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. 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)). 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. 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, 1995 through December 31, 1995, 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

Parties to the proceeding may request disclosure of the calculation methodology and interested parties may request a hearing no later than 10 days after the date of publication of this notice. Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted seven days after the time limit for filing the case brief. Parties who submit argument in this proceeding are requested to submit with the argument (1) a statement of the issue and (2) a brief summary of the argument. Any hearing, if requested, will be held seven days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 355.38.

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under 19 CFR 355.38, are due. The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any case or rebuttal brief or at a hearing.

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

Dated: July 1, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–17946 Filed 7–8–97; 8:45 am]

BILLING CODE 3510–DS–M

DEPARTMENT OF COMMERCE

International Trade Administration

[C–337–802]

Notice of Initiation of Countervailing Duty Investigation: Fresh Atlantic Salmon From Chile

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

EFFECTIVE DATE: July 9, 1997.

FOR FURTHER INFORMATION CONTACT: Elizabeth A. Graham at (202) 482–4105 or Rosa S. Jeong at (202) 482–1278, Import Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, N.W., Washington, DC 20230.

Initiation of Investigation

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions of Tariff Act of 1930 (the Act), as amended by the Uruguay Round Agreements Act effective January 1, 1995. In addition, unless otherwise indicated, all citations to the Department's regulations refer to the regulations, codified at 19 CFR part 355, as they existed on April 1, 1997.

The Petition

On June 12, 1997, the Department of Commerce (the Department) received a petition filed in proper form by the Coalition for Fair Atlantic Salmon Trade (FAST) and the following individual members of FAST: Atlantic Salmon of Maine; Cooke Aquaculture U.S., Inc.; DE Salmon, Inc.; Global Aqua—USA, LLC; Island Aquaculture Corp.; Maine Coast Nordic, Inc.; ScanAm Fish Farms; and Treats Island Fisheries (collectively referred to hereafter as ''the petitioners''). A supplement to the petition was filed on June 26, 1997.

On June 27 and July 1, 1997, the Department held consultations with representatives of the Government of Chile (GOC) pursuant to section 702(b)(4)(ii) of the Act (*see* July 1, 1997 memoranda to the File regarding these consultations). During these consultations, the GOC submitted copies of public laws relating to certain programs alleged in the petition.

In accordance with section 701(a) of the Act, petitioners allege that producers and exporters of the subject merchandise in Chile receive countervailable subsidies.

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

Scope of Investigation

The scope of this investigation covers fresh, farmed Atlantic salmon, whether imported ''dressed'' or cut. Atlantic salmon is the species Salmo salar, in the genus Salmo of the family salmoninae. ''Dressed'' Atlantic salmon refers to salmon that has been bled, gutted, and cleaned. Dressed Atlantic salmon may be imported with the head on or off; with the tail on or off; and with the gills in or out. All cuts of fresh Atlantic salmon are included in the scope of the investigation. Examples of cuts include, but are not limited to: Crosswise cuts (steaks), lengthwise cuts (fillets), lengthwise cuts attached by skin (butterfly cuts), combinations of crosswise and lengthwise cuts (combination packages), and Atlantic salmon that is minced, shredded, or ground. Cuts may be subjected to various degrees of trimming, and imported with the skin on or off and with the ''pin bones'' in or out.

Excluded from the scope of this petition are (1) fresh Atlantic salmon that is ''not farmed'' (*i.e.*, wild Atlantic salmon); (2) live Atlantic salmon and Atlantic salmon that has been subjected

to further processing, such as frozen, canned, dried, and smoked Atlantic salmon; and (3) Atlantic salmon that has been further processed into forms such as sausages, hot dogs, and burgers.

The merchandise subject to this investigation is classified at statistical reporting numbers 0302.12.0003 and 0304.10.4091 of the Harmonized Tariff Schedule (HTS) of the United States. Although the HTS numbers are provided for convenience and Customs purposes, the written description of the merchandise is dispositive.

During pre-filing consultations and as a result of our review of the petition, we discussed with the petitioners whether the proposed scope was an accurate reflection of the product for which the domestic industry is seeking relief. We noted that the scope in the petition appeared to include both farmed and not farmed Atlantic salmon. The petitioners subsequently notified the Department on June 26, 1997, that Atlantic salmon that is not farmed should be excluded from the scope of the investigation. Accordingly, we have done so.

We are setting aside a period for interested parties to raise issues regarding product coverage. The Department will accept such comments until August 4, 1997. This period of scope consultation is intended to provide the Department ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Determination of Industry Support for the Petition

Section 702(c)(4)(A) of the Act requires that the Department determine, prior to the initiation of an investigation, that a minimum percentage of the domestic industry supports a countervailing duty petition. A petition meets these minimum requirements if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product, and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Under section 702(c)(4)(D) of the Act, if the petitioners account for more than 50 percent of the total production of the domestic like product, the Department is not required to poll the industry to determine the extent of industry support.

Based on U.S. salmon production information published by the State of Maine Department of Marine Resources and the Washington Farmed Salmon Commission, the petitioners claimed that they account for over 70 percent of total production of fresh Atlantic salmon in the United States. The petitioners further claimed that, when the U.S. producers related to foreign producers are excluded from the analysis, the petitioners represent approximately 97 percent of domestic production of fresh Atlantic salmon.

On June 27, 1997, the Association of Chilean Salmon and Trout Producers (the Association) contested the petitioners' standing claim. The Association stated that the petitioners' standing calculations focused exclusively on dressed salmon producers while ignoring U.S. fillet producers and claimed that fillet salmon represents a separate domestic like product from dressed salmon under the five-part domestic like product test used by the International Trade Commission (ITC). The Association argued that these facts suggest: (1) The petitioners do not have standing with respect to fillets, and; (2) even if the Department accepts the petitioners' single domestic like product definition, the petitioners have failed to provide adequate industry support data since fillet producers represent a significant portion of the industry producing the domestic like product. This submission included certain letters in opposition to the petition submitted by U.S. fillet processors, some of whom identified themselves as importers of dressed salmon from Chile.

On June 30, 1997, the petitioners submitted a rebuttal, stating that the Association failed to refute the ''total domestic production'' and ''percent of production'' industry support figures contained in the petition and failed to provide any information that would indicate that the petitioners do not have standing even under a two-like-product analysis. The petitioners argued that the facts in this case do not support a finding that fillet salmon is a separate domestic like product because there are no clear dividing lines, in terms of characteristics or uses, between dressed salmon and salmon fillets. Specifically, petitioners contended that, *inter alia*,: (1) Salmon fillets are derived from dressed Atlantic salmon and, in fact, all forms of fresh Atlantic salmon include the salmon meat that is ultimately consumed; (2) respondents focused solely on one cut of fresh Atlantic salmon (fillet) while ignoring other cuts (*e.g.*, steak); (3) the one cutting step that does play a significant role in the physical characteristic of the product (the initial cutting of the fish in order to bleed it) has been performed on both dressed and fillet salmon; [1] and (4) fillet cutting is not a ''value added'' operation, but instead results in a higher-priced end product primarily because much waste has been eliminated. With respect to the last point, the petitioners argued that the price trends of fillets compared with dressed salmon suggest that there is no value added, but in fact negative value added, because the price of Chilean fillets, when adjusted for the cost of processing dressed salmon into fillets, is less than the price of dressed salmon.

On July 1, 1997, the Association submitted further comments in response to the petitioners' arguments.

Section 771(4)(A) of the Act defines the ''industry'' as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who account for production of the domestic like product. The ITC, which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. However, while both the Department and the ITC must apply the same statutory provision regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the domestic like product, such differences do not render the decision of either agency contrary to the law.[2] Therefore, we have examined the Association's arguments regarding the definition of the domestic like product in the petition in the context of the statutory provisions governing initiation and the facts of the record.

The Association's contention is based on an examination of like product determinations made in prior ITC cases, and follows an analysis of factors traditionally examined by the ITC. However, as noted above, the Department's analysis of like product is not bound by ITC practice. The Department's analysis begins with section 771(10) of the Act, which

[1] In this respect, the petitioners distinguish this case from the like product decisions in *Live Swine and Pork from Canada*, Inv. No. 701–TA–22 (Final), USITC pub. 2218 (September 1989).

[2] *See Algoma Steel Corp., Ltd.* v. *United States*, 688 F. Supp. 639, 642–44 (CIT 1988); High Information Content Flat Panel Displays and Display Glass Therefor From Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition, 56 FR 32376, 32380–81 (July 16, 1991).

defines domestic like product as ''a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' After considering the information presented by the petitioner and the Association, we do not find that the petitioner's domestic like product definition is inconsistent with this statutory definition. While both parties have cited to various cases involving agricultural and other products, in light of the information presented in the petition, we have concluded that there is no basis on which to reject as clearly inaccurate the petitioners' representations that there are no clear dividing lines, in terms of characteristics or uses, between dressed and cut salmon. Therefore, we have adopted the single domestic like product definition set forth in the petition.

Having found that dressed and cut salmon constitute a single like product, we considered the Association's arguments that U.S. production of salmon cuts had not been accounted for in the petition's demonstration of industry support. The calculation of the standing ratio in the petition was based on a comparison of the volume of the petitioners' total 1996 production of dressed salmon to the volume of the industry's total 1996 production of dressed salmon. We have revised the petitioner's industry support calculations to add to the total U.S. domestic industry figure an amount representing the estimated economic value of U.S. fillet processing, in order to be as conservative as possible in our evaluation of industry support. In so doing, we have conservatively assumed that none of this processing industry has affirmatively supported the petition.

In order to factor fillet processing into our analysis, we used a value-based analysis. We determined that the calculation of industry support on the basis of weight is inappropriate because the further processing of dressed salmon into cuts involves significant weight yield loss. In this regard, we note that the Statement of Administrative Action (SAA) for the URAA explicitly provides that the Department may determine the existence of industry support based on the value of production. SAA at 862. For further explanation of our inclusion of salmon processing in the total U.S. domestic industry figure, which served as the denominator in the industry support calculation, see the Initiation Checklist prepared for this case, dated July 1, 1997.

Having accounted for U.S. production of salmon cuts, we find that the production data provided in the petition indicate that the petitioners account for more than 50 percent of the total production of the domestic like product, thus meeting the requirements of section 702(c)(4)(A) of the Act. Since the petitioners exceed the industry support threshold, we have not taken the letters of opposition that were filed with the Association's June 27, 1997, submission into account in our determination of industry support.

Injury Test

Because Chile is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, Title VII of the Act applies to this investigation. Accordingly, the U.S. International Trade Commission (''ITC'') must determine whether imports of the subject merchandise from Chile materially injure, or threaten material injury to, a U.S. industry.

Allegation of Subsidies

Section 702(b) of the Act requires the Department to initiate a countervailing duty proceeding whenever an interested party files a petition, on behalf of an industry, that (1) alleges the elements necessary for an imposition of a duty under section 701(a), and (2) is accompanied by information reasonably available to petitioners supporting the allegations.

Initiation of Countervailing Duty Investigations

The Department has examined the petition on fresh Atlantic salmon (''salmon'') from Chile and found that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a countervailing duty investigation to determine whether producers or exporters of salmon from Chile receive subsidies.

We are including in our investigation the following programs alleged in the petition to have provided subsidies to producers of the subject merchandise in Chile:

1. Fundacion Chile Assistance
   a. Company Start Up Projects
   b. Provision of Salmon Infrastructure
   c. Technology Support Measures
2. Institute for Technological Research (INTEC)
3. Fund for Technological and Productive Development (FONTEC) Grants
4. Central Bank Chapter 19 (Debt Conversion Program)
5. Central Bank Chapter 18 (Debt Conversion Program)
6. ProChile Export Promotion Assistance
7. Export Promotion Fund
8. Chilean Production Development Corporation (CORFO) Export Credit Insurance Program
9. CORFO Export Credits and Long-Term Export Financing
10. Law No. 18,439 (Export Credit Limits)
11. GOC Guarantee of Private Bank Loans
12. Law No. 18,449 (Stamp Tax Exemption)
13. Law No. 18,634 (Deferred and/or Waived Import Duties on Capital Goods)
14. Import Substitution of Capital Goods
15. Import Substitution for New Industries
16. Tax Deductions Available to Exporters
17. Law No. 18,392 (Tax Exemptions)
18. Article 59 of Decree Law 824 (Chilean Income Tax Law)
19. Decree 15 (Promotion and Development Fund)

We are not including in our investigation the following programs alleged to be benefitting producers and exporters of the subject merchandise in Chile:

1. Decree Law No. 825 (VAT Rebates for Goods Necessary for Exporting)

Petitioners allege that Decree Law No. 825 allows exporters to recover the 18 percent VAT tax paid on domestic transactions associated with export activities. Exporters may either receive the tax benefit in the form of a fiscal credit deductible from the tax charged on their local sales, or as the cash equivalent of the VAT tax actually paid. Petitioners assert that because the Department initiated an investigation of this program in Standard Carnations from Chile (''Carnations''), 52 FR 3313 (February 3, 1987), the Department should investigate whether salmon exporters received VAT rebates during the POI that extended to inputs that were not consumed in the production of the export product.

We determined this program to be not countervailable in Carnations. Further, petitioners have provided no basis to believe or suspect that the program currently provides excessive rebates. On this basis, we are not including this program in our investigation.

2. Law No. 18,708 (Duty Drawback)

Petitioners allege that Law No. 18,708 provides drawback of custom duties paid on imported inputs incorporated into the production of exported final goods. Petitioners assert that we should investigate this program because in Carnations, we determined the Law No. 18,480 Simplified Duty Drawback program to be countervailable because it allowed for excessive drawback of duties. Based on this finding, petitioners argue the GOC has a practice of remitting excessive import duties.

We do not consider duty drawback on inputs consumed in the production of exported products to be countervailable subsidies. Petitioners have provided no basis for us to believe or suspect that the duty drawback under Law No. 18,708 is

excessive. On this basis, we are not including this program in our investigation.

3. Tariff Abatement for New Companies

Petitioners allege that the GOC provides a tariff abatement of up to 80 percent to firms that move their machinery to Chile to continue operations there. Petitioners assert that this abatement constitutes an import substitution subsidy. However, petitioners have not explained how this tariff abatement promotes the use of domestic over imported goods. On this basis, we are not including this program in our investigation.

4. Law No. 18,645 Loan Guarantees

Petitioners allege that Law No. 18,645 provides loan guarantees to exporters of non-traditional goods who typically have less access to ordinary commercial financing. The program provides guarantees of up to 50 percent of the exporter's loans and the loans may not exceed $150,000. Petitioners state that although the program guarantees financing at market rates and a fee is charged for the guarantees, the terms of the guarantees are inconsistent with commercial considerations because they allow exporters to obtain financing sooner and more easily then they otherwise could.

Petitioners speculate that the fees paid for Law No. 18,645 loan guarantees are preferential but provide no information in this respect. Further, regarding the allegation that exporters are able to receive loans more easily and sooner as a result of this program, petitioners have failed to allege any benefit by reason of loans obtained on non-commercial terms. On this basis, we are not including this program in our investigation.

5. Currency Retention Scheme

Petitioners allege that exporters are limited in their use of the foreign exchange they earn from export activities because the Central Bank requires them to repatriate their foreign exchange earnings to commercial banks within a designated period. However, the GOC allows certain exporters to waive this rule if they have export-oriented investment projects that require the repayment of foreign suppliers or financial credits of over one year with special authorization from the Central Bank. This program was investigated in Carnations and found not used.

The International Monetary Fund's Exchange Arrangements and Exchange Restrictions Annual Report on Chile states that as of June 16, 1995, exporters were no longer required to repatriate export proceeds to the Central Bank. Given the elimination of the repatriation requirement, exemptions from the requirement cease to have meaning. (We note that petitioners based their allegation on the IMF's 1991 Annual Report.) On this basis, we are not including this program in our investigation.

6. Law No. 18,480 (Simplified Duty Drawback)

Petitioners allege that Law No. 18,480, enacted in 1985, allows certain exporters a duty drawback of up to 10 percent of the FOB value of their exports representing import duties paid on imported inputs used to produce non-traditional exports. Petitioners also assert that another provision of the law entitles exporters that are using domestically-produced inputs in their export operations an amount of duty drawback that the exporter would otherwise realize if they had imported the inputs. Petitioners allege although this program was amended to exclude salmon, the program should be investigated given that the exclusion of salmon was recent.

Included in the information provided by the GOC during its consultations with the Department were copies of Decrees 102 (dated March 27, 1991) and 123 (dated March 14, 1997). These decrees clearly state that as of December 31, 1990, Atlantic salmon was excluded from the duty drawback provided by Law No. 18,480. On this basis, we are not including this program in our investigation.

7. VAT Rebates for Fixed Assets

Petitioners allege that exporters may recover the VAT paid on fixed assets after a designated waiting period of six months from the date of purchase. They claim that the program is available only to exporters in that the rebate is limited to acquisitions incurred in the preproduction phase of export operations.

Petitioners have provided no information to indicate that the VAT rebates are in any way excessive or that they are provided only to exporters. On this basis, we are not including this program in our investigation.

8. Exemption From Prior Deposit Requirements

Petitioners allege that the Central Bank grants companies producing exclusively for export a complete exemption from prior-deposit requirements of import taxes on new and used components.

Information provided by the GOC during its consultations with the Department included a copy of section 88 of Law 18,840, which states that under no circumstances may prior deposits be required for the execution of export or import transactions. On this basis, we are not including this program in our investigation.

9. Decree Law No. 889 (Tax Credits)

Petitioners allege that Decree Law No. 889 provides tax credits to ''non-traditional'' enterprises located in Region I (far north), XI (Rio Palena to south of O'Higgins) and XII (Cape Horn) regions. Eligible enterprises receive a subsidy equal to 17 percent of the employees' taxable income, up to a maximum of 60,000 pesos.

Evidence presented in the petition reveals that this program was terminated after December 31, 1992. Further, petitioners have not provided a sufficient basis for us to believe or suspect that the Tax Credits program remains in existence. On this basis, we are not including this program in our investigation.

Distribution of Copies of the Petition

In accordance with section 702(b)(4)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of Chile. We will attempt to provide copies of the public version of the petition to all the exporters named in the petition.

ITC Notification

We have notified the ITC of our initiation of this investigation as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will determine by July 28, 1997, whether there is a reasonable indication that imports of fresh Atlantic salmon from Chile are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in termination of the investigation; otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is published pursuant to 702(c)(2) of the Act.

Dated: July 2, 1997.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–17951 Filed 7–8–97; 8:45 am]

BILLING CODE 3510–DS–P