aligned the final determination in that countervailing duty investigation with the final determination in the companion antidumping investigation of honey from the PRC. *See Honey from Argentina: Notice of Preliminary Affirmative Countervailing Duty Determination and Alignment With Final Antidumping Duty Determination on Honey from the People's Republic of China*, 66 FR 14521 (March 13, 2001).

On May 11, 2001 the Department published its preliminary determinations in the antidumping investigations of honey from Argentina and the PRC. *See Notice of Preliminary Determination of Sales at Less Than Fair Value: Honey from Argentina*, 66 FR 24108 (May 11, 2001) and *Notice of Preliminary Determination of Sales at Less Than Fair Value: Honey from the People's Republic of China*, 66 FR 24101 (May 11, 2001). The notices stated that the Department would issue its final determinations no later than 75 days after the date of issuance of the notices.

Pursuant to section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Tariff Act), on May 11, 2001, Asociación de Cooperativas Argentinas (ACA), a respondent in the Argentine investigation, requested that the Department postpone its final determination to the fullest extent permitted by the statute and the Department's regulations. On May 14, 2001, seven exporters of subject merchandise from the PRC participating in the investigation made the same request.[1] In addition, the exporters in both investigations also consented to an extension of the period for the imposition of provisional measures to the fullest extent permitted, or six months, whichever is later. In accordance with section 735(a)(2)(A) of the Tariff Act and 19 CFR 351.210(b), because (1) the preliminary determinations were affirmative; (2) the requesting exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are granting the exporters' request and are postponing the final determinations until no later than 135 days after publication of the preliminary determinations in the **Federal Register**. Suspension of liquidation will be extended accordingly.

This postponement is in accordance with section 735(a)(2)(A) of the Tariff Act, and 19 CFR 351.210(b)(2).

Dated: May 29, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–14278 Filed 6–5–01; 8:45 am]

BILLING CODE 3510–DS–P

[1] The exporters were Inner Mongolia Autonomous Region Native Produce and Animal By-Products Import and Export Corporation, Shanghai Eswell Enterprise Co., Ltd., High Hope International Group Jiangsu Foodstuffs Import and Export Corporation, Kunshan Foreign Trade Corporation, Zhejiang Native Produce and Animal By-Products Import and Export Corporation, Henan Native Produce Import and Export Corporation, and Anhui Native Produce Import and Export Corporation.

DEPARTMENT OF COMMERCE

International Trade Administration

[C–475–830]

Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Stainless Steel Bar From Italy

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

ACTION: Preliminary determination of countervailing duty investigation.

EFFECTIVE DATE: June 6, 2001.

FOR FURTHER INFORMATION CONTACT: Suresh Maniam or Greg Campbell at (202) 482–0176 and (202) 482–2239, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Preliminary Determination: The Department of Commerce (the ''Department'') preliminarily determines that countervailable subsidies are being provided to producers or exporters of stainless steel bar from Italy. For information on the estimated countervailing duty rates, see *infra* section on ''Suspension of Liquidation.''

Case History

The following events have occurred since the publication of the notice of initiation in the **Federal Register**. *See Notice of Initiation of Countervailing Duty Investigation: Stainless Steel Bar from Italy,* 66 FR 7739 (January 25, 2001) (''*Initiation Notice*'').

On January 30, 2001, we issued countervailing duty questionnaires to the Government of Italy (''GOI''), the European Commission (''EC''), and the producers/exporters of the subject merchandise. On March 8, 2001, we published a postponement of the preliminary determination of this investigation until May 29, 2001. *See Stainless Steel Bar from Italy: Postponement of Time Limit for Preliminary Determination of Countervailing Duty Investigation,* 66 FR 13911 (March 8, 2001).

On March 9, 2001, Acciaierie Bertoli Safau S.p.A. (''ABS'') submitted a request to exclude certain merchandise from the scope of this investigation. On March 26, 2001, the petitioners submitted an objection to this request. See *infra* section on ''Scope of the Investigation: Scope Comments'' for an analysis of these submissions and the Department's resulting determination.

On March 26, 2001, we received questionnaire responses from the GOI, the EC, and the responding companies (Trafileria Bedini S.r.l. (''Bedini''), Acciaiera Foroni S.p.A. (''Foroni''), Italfond S.p.A. (''Italfond''), Rodacciai S.p.A. (''Rodacciai''), and Acciaierie Valbruna S.r.l. (''Valbruna'')/Acciaierie Bolzano S.r.l. (''Bolzano'')). We did not receive a response to our questionnaire from Cogne Acciai Speciali S.r.l. (''CAS'') (see *infra* section on ''Use of Facts Available'' for our treatment of CAS in this investigation).

On April 9, 2001, and April 10, 2001, the petitioners submitted comments regarding the questionnaire responses from Foroni, Valbruna, and the GOI.

We issued supplemental questionnaires to the EC, Italfond, and Rodacciai on April 19, 2001, and to the GOI, Bedini, Valbruna, and Foroni on April 20, 2001.

We received responses to the supplemental questionnaires from the EC on May 3, 2001, and from the GOI, Italfond, Rodacciai, Bedini, Valbruna, and Foroni on May 11, 2001.

We issued a second supplemental questionnaire to Valbruna on May 14, 2001, and received a response from Valbruna on May 16, 2001.

On May 16, 2000, the petitioners filed comments regarding the selection of an adverse facts available subsidy rate for CAS and, on May 17, 2001, filed comments regarding the supplemental questionnaire responses by Valbruna and the GOI.

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. In addition, unless otherwise indicated, all citations to the Department's regulations are to our regulations as codified at 19 CFR Part 351 (2000).

The Petitioners

The petition in this investigation was filed by Carpenter Technology Corp., Crucible Specialty Metals, Electralloy Corp., Empire Specialty Steel Inc., Slater Steels Corp., and the United Steelworkers of America, AFL–CIO/CLC (collectively, ''the petitioners'').

Scope of the Investigation

For purposes of this investigation, the term ''stainless steel bar'' includes articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. Stainless steel bar includes cold-finished stainless steel bars that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (*i.e.,* cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times in thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), products that have been cut from stainless steel sheet, strip or plate, wire (*i.e.,* cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled product), and angles, shapes and sections.

The stainless steel bar subject to this investigation is currently classifiable under subheadings 7222.11.00.05, 7222.11.00.50, 7222.19.00.05, 7222.19.00.50, 7222.20.00.05, 7222.20.00.45, 7222.20.00.75, and 7222.30.00.00 of the *Harmonized Tariff Schedules of the United States* (''HTSUS'').

Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise under investigation is dispositive.

Scope Comments

On March 9, 2001, ABS, an Italian producer and exporter of stainless steel bar, submitted a request to exclude hot-rolled stainless steel bar (''hot-rolled bar'') greater than six inches in diameter from the scope. On March 26, 2001, the petitioners submitted an objection to ABS' scope exclusion request.

ABS first argued that no U.S. producer, to the best of its knowledge, currently produces hot-rolled bar greater than six inches in diameter. While U.S. producers do manufacture stainless steel bar greater than six inches, ABS stated this is bar produced by forging (''forged bar''), not by hot-rolling. Second, according to ABS, hot-rolled bar and forged bar possess different physical and mechanical properties. ABS argued that forged products have a more ''central compactness'' and can be used for all applications. On the other hand, ABS claimed, hot-rolled bar products have a more irregular structure along the axis and are, therefore, only suitable for the production of hollow products. According to ABS, while forged bar could be used in the manufacture of hollow products as well, the cost of forging stainless steel ingots into large diameter stainless steel bars would be approximately three times the cost of hot-rolling the same ingots into large diameter stainless steel bar. ABS claimed the difference is due to higher equipment productivity and lower energy costs of a hot-rolling line compared to a forging press. Third, ABS asserted, hot-rolled bar and forged bar do not compete in the same market. ABS suggested that customers requiring the internal physical properties provided by forging would pay the higher price for forged bars, while those not needing these physical properties would only pay for the lower priced hot-rolled bars.

The petitioners argued that hot-rolled bar products should not be differentiated from forged bar products because both hot-rolled and forged bar can have the same essential physical and mechanical properties. Moreover, the petitioners claimed, both forged and hot-rolled bar undergo the same finishing operations, have the same end-use applications, and enter the United States under the same tariff schedule number. In addition, the petitioners argued ABS did not identify the specific ''internal physical characteristics'' that would enable the Department or the Customs Service to distinguish between the hot-rolled and forged products. In the petitioners' view, ''better central compactness'' is too vague a distinction for the Department to quantify the differences. In reality, according to the petitioners, a manufacturer can produce a product by either forging or hot-rolling to meet the same specifications. As a result, the petitioners claimed the qualities important to a customer are not based on the production processes, but rather the specifications to be met. Finally, the petitioners stated that Slater Steels Corporation, a U.S. stainless steel producer, produces hot-rolled bar over six inches in diameter and, accordingly, suggested that the argument for exclusion based on an absence of U.S. production is unsupportable.

The scope of a proceeding is intended to accurately reflect the product for which the domestic industry is seeking relief. *See* Preamble to the *CVD Regulations,* 62 FR 27295, 27323. (November 25, 1998) (''*Preamble*''). To ensure the scope is not unintentionally over-inclusive, the Department seeks input from interested parties. Thus, in the *Initiation Notice,* we set aside a period to receive comments that would help us refine the scope language to better reflect the actual product coverage intended by the domestic industry.

ABS has suggested that hot-rolled bar greater than 6 inches in diameter is not produced in the United States, has different physical properties from forged bar, and does not compete with forged bar. The petitioners have stated that the U.S. industry does, in fact, produce hot-rolled bar in this size, that no difference exists between hot-rolled and forged bar, and that hot-rolled and forged bar do compete with each other. Because the petitioners intended for this product to be included in the scope, we have determined that the scope language is not overly-inclusive with regard to this product. As a result, we have not modified the scope of this investigation because the current scope language includes hot-rolled bar, as intended by the petitioners.

Injury Test

Because Italy is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the U.S. International Trade Commission (''ITC'') is required to determine whether imports of the subject merchandise from Italy materially injure, or threaten material injury to, a U.S. industry. On February 23, 2001, the ITC published its preliminary determination finding that there is a reasonable indication of material injury or threat of material injury to an industry in the United States by reason of imports of stainless steel bar from Italy. *See Stainless Steel Bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom,* 66 FR 11314 (February 23, 2001).

Alignment With Final Antidumping Duty Determination

On May 9, 2001, the petitioners submitted a letter requesting alignment

of the final determination in this investigation with the final determination in the companion antidumping duty investigation (*see Notice of Initiation of Antidumping Duty Investigations: Stainless Steel Bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom,* 66 FR 7620 (January 24, 2001)). The companion antidumping duty investigation and this countervailing duty investigation were initiated on the same date and have the same scope. Therefore, in accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determination in the antidumping duty investigation of stainless steel bar from Italy.

In accordance with section 703(d) of the Act, the suspension of liquidation resulting from this preliminary affirmative countervailing duty determination will remain in effect no longer than four months.

Period of Investigation

The period of investigation (''POI'') for which we are measuring subsidies is the calendar year 2000.

Changes in Ownership

On February 2, 2000, the U.S. Court of Appeals for the Federal Circuit (''CAFC'') in *Delverde Srl* v. *United States,* 202 F.3d 1360, 1365 (Fed. Cir. 2000), *reh'g en banc denied* (June 20, 2000) (''*Delverde III*''), rejected the Department's change-in-ownership methodology as explained in the *General Issues Appendix*.[1] The CAFC held that ''the Tariff Act, as amended, does not allow Commerce to presume conclusively that the subsidies granted to the former owner of Delverde's corporate assets automatically 'passed through' to Delverde following the sale. Rather, the Tariff Act requires that Commerce make such a determination by examining the particular facts and circumstances of the sale and determining whether Delverde directly or indirectly received both a financial contribution and benefit from the government.'' *Delverde III,* 202 F.3d at 1364.

Pursuant to the CAFC finding, the Department developed a new change-in-ownership methodology, first announced in a remand determination on December 4, 2000, following the CAFC's decision in *Delverde III,* and also applied in *Grain-Oriented Electrical Steel from Italy; Final Results of Countervailing Duty Administrative Review,* 66 FR 2885 (January 12, 2001). Likewise, we have applied this new methodology in analyzing the changes in ownership in this preliminary determination.

The first step under this new methodology is to determine whether the legal person (entity) to which the subsidies were given is, in fact, distinct from the legal person that produced the subject merchandise exported to the United States. If we determine the two persons are distinct, we then analyze whether a subsidy has been provided to the purchasing entity as a result of the change-in-ownership transaction. If we find, however, that the original subsidy recipient and the current producer/exporter are the same person, then that person benefits from the original subsidies, and its exports are subject to countervailing duties to offset those subsidies. In other words, we will determine that a ''financial contribution'' and a ''benefit'' have been received by the ''person'' under investigation. Assuming that the original subsidy has not been fully amortized under the Department's normal allocation methodology as of the POI, the Department would then continue to countervail the remaining benefits of that subsidy.

In making the ''person'' determination, where appropriate and applicable, we analyze factors such as (1) continuity of general business operations, including whether the successor holds itself out as the continuation of the previous enterprise, as may be indicated, for example, by use of the same name, (2) continuity of production facilities, (3) continuity of assets and liabilities, and (4) retention of personnel. No single factor will necessarily provide a dispositive indication of any change in the entity under analysis. Instead, the Department will generally consider the post-sale person to be the same person as the pre-sale person if, based on the totality of the factors considered, we determine the entity in question can be considered a continuous business entity because it was operated in substantially the same manner before and after the change in ownership.

We have preliminarily determined that CAS and Valbruna are the only respondents with changes in ownership requiring this analysis because no other respondent (or its predecessor) received subsidies prior to a change in ownership that were not fully expensed or allocated prior to the POI. Our findings with regard to the relevant changes in ownership are as follows.

CAS

As noted *infra* in the ''Use of Facts Available'' section, CAS withheld requested information regarding its changes in ownership. Consequently, the Department is unable to determine, *inter alia,* whether CAS and its pre-sale predecessors constitute a continuous business entity. Consistent with section 776(b) of the Act, we have made an adverse inference in selecting from the facts available with respect to CAS. Specifically, we find that CAS and its predecessors are continuing business entity for the purposes of a subsidy benefit analysis. Accordingly, we preliminarily determine that certain subsidies provided to the predecessor companies continue to benefit the privatized CAS.

Valbruna

We have not made a finding for the purposes of this preliminary determination as to whether pre-sale Bolzano and pre-sale Valbruna are distinct persons from the respondent Valbruna. We note the potential POI benefits for any pre-sale subsidies to Bolzano (*e.g.,* Bolzano Law 25/81) are insignificant, amounting to 0.11 percent. Assuming arguendo that these pre-sale subsidies continued to benefit Valbruna in the POI, the preliminary *ad valorem* rate (reflecting, in full, any POI benefits of pre-sale subsidies) for Valbruna would be *de minimis.* Therefore, application of the change in ownership methodology is not relevant in this investigation.

However, should we obtain any information subsequent to this preliminary determination indicating the final *ad valorem* rate for Valbruna should be above *de minimis,* we will give all parties sufficient opportunity to comment on whether and how Bolzano's 1995 sale affects the POI benefit to Valbruna of any pre-sale subsidies.

Use of Facts Available

Sections 776(a)(2)(A) and (B) of the Act require the use of facts available when an interested party withholds information requested by the Department, or when an interested party fails to provide the information required in a timely manner and in the format requested. In selecting from among facts available, section 776(b) of the Act provides that the Department may use an inference adverse to the interests of a party if it determines that a party has failed to cooperate to the best of its ability.

In this investigation, we are presented with an unusual situation. CAS, a

[1] *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria,* 58 FR 37217, 37225 (July 9, 1993).

company that was selected to respond to our CVD questionnaire, declined to do so. However, in their responses to our questionnaires, the GOI and EC reported much of the information regarding the assistance provided to CAS. Also, because CAS was investigated in *Wire Rod,* the record of that proceeding is a source of additional information about CAS and the programs from which CAS benefitted.

Although CAS failed to cooperate to the best of its ability in refusing to respond to our questionnaire, we cannot ignore the information reported to us by the GOI and EC about subsidies given to CAS. Therefore, for those programs where information provided by the GOI or EC permits calculation of the subsidy to CAS, we have relied upon that information.

With respect to information from *Wire Rod*, several programs investigated in that proceeding are also being investigated in this case. If a program was found to be specific, to have constituted a financial contribution, or to have conferred a benefit in *Wire Rod*, and no new information to the contrary has been provided in this investigation, we have adopted the finding reached in *Wire Rod*. While this information from *Wire Rod* regarding CAS may be characterized as ''facts available,'' we have not drawn an adverse inference in the application of this information.

In addition to the subsidy amounts, it is also necessary to have information on the value of CAS' sales in order to calculate the *ad valorem* benefit of the subsidy and, where necessary, to perform the 0.5 percent expense test described in 19 CFR 351.524(b)(2). We obtained CAS' total sales revenue amounts for the years 1997–1999 from a public Dunn & Bradstreet report. Because a total sales value for the POI (2000) is not available, we averaged sales revenues for the years 1997–1999, and used this amount to represent POI sales. Sales over the three-year period from 1997–1999 were relatively constant.

Where the value of CAS' exports during the POI was required, we derived this amount using a ratio of CAS' export sales to total sales provided in the Dunn & Bradstreet report ((*see Memorandum to the File*, ''Miscellaneous Information used for the Calculations,'' dated May 29, 2001 at Attachment 1 (''*Miscellaneous Information Memo*'')).

In those instances where the available information does not provide a basis for calculating the subsidy to CAS, we have drawn an adverse inference due to CAS' failure to cooperate to the best of its ability in this investigation. Because no information has been provided regarding the issue of whether CAS was the same entity before and after privatization, we have treated CAS as the same entity, with the result that CAS' full share of ILVA's subsidies have been attributed to CAS (see *infra* section on Programs Preliminarily Determined to Be Countervailable: Company-Specific Subsidies Conferred by the Government of Italy). In another instance, we did not have information on the actual amount of waste disposal offset payments received by CAS during the POI (see *infra* section on Programs Preliminarily Determined to Be Countervailable: Company-Specific Subsidies Conferred by the Regional Government of Valle D'Aosta). Therefore, we have used the maximum amount calculated by the granting regional government.

When employing an adverse inference, the statute indicates the Department may rely upon information derived from, *inter alia*, the petition. In doing so, however, the Department should ''to the extent practicable'' corroborate the information from independent sources reasonably at its disposal. *See* Statement of Administrative Action accompanying H.R. 5110 (H.R. Doc. No. 103–316) (1994), at 870 regarding use of ''secondary'' information. In this case, we have reviewed information on the CAS website (*www.cogne.com/en/history.html*) regarding the change in ownership of the company. While the company has undergone some restructuring in recent years, there is no indication that CAS is not the same entity before and after its privatization in 1994. Therefore, we preliminarily determine that the information supplied by the petitioners regarding CAS' change of ownership has probative value, and that we may appropriately rely upon it.

Subsidies Valuation Information

Allocation Period

Under 19 CFR section 351.524(b) of our regulations, non-recurring subsidies are allocated over a period corresponding to the average useful life (AUL) of the renewable physical assets used to produce the subject merchandise. 19 CFR section 351.524(d)(2) creates a rebuttable presumption that the AUL will be taken from the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System (the ''IRS Tables''). For stainless steel bar, the IRS Tables prescribe an AUL of 15 years.

We have used the 15-year allocation period for all respondents, with the following exceptions.

Subsidies to CAS and Valbruna That Were Countervailed in Wire Rod

Certain subsidies to CAS and Valbruna were countervailed in *Wire Rod*. At the time of *Wire Rod*, it was our practice to calculate company-specific AULs. For both CAS and Valbruna, the calculated AUL was 12 years. As a matter of practice, where a subsidy has been allocated over a particular period, we will continue to use the same allocation period for that subsidy from proceeding to proceeding. *See, e.g., Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip from France*, 64 FR 30774, 30778 (June 8, 1999); *see also Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate from France*, 64 FR 73277, 73280 (December 29, 1999). Therefore, for those subsidies to CAS and Valbruna that were allocated over a 12-year period in *Wire Rod*, we have continued to use the 12-year allocation period calculated in that proceeding. However, for the final determination, we will consider whether this earlier established practice is consistent with our current regulations. For subsidies to these companies that were not countervailed in *Wire Rod*, we have used the 15-year allocation period from the IRS Tables. (*See* further discussion *infra* of Valbruna).

Foroni

For this investigation, Foroni calculated its company-specific AUL. This AUL differs significantly from the 15-year AUL in the IRS Tables. Further, Foroni claims its calculation is an estimate of its actual useful life of assets and excludes any effects from the application of accelerated depreciation, special charges, and/or asset revaluations over the relevant years. Therefore, for purposes of this preliminary determination, we find Foroni to have rebutted the presumption in favor of the IRS Tables, according to 19 CFR section 351.524(d)(2), and we have allocated non-recurring subsidies to this company over its company-specific AUL.

Valbruna

Valbruna/Bolzano also calculated its company-specific AUL. However, this company-specific AUL does not differ significantly from the period in the IRS Tables. Therefore, we have allocated all subsidies received by Valbruna/Bolzano, except those countervailed in *Wire Rod*, over 15 years.

For non-recurring subsidies to all respondents, we have applied the ''0.5

percent expense test'' described in 19 CFR section 351.524(b)(2) of our regulations. Under this test, we compare the amount of subsidies approved under a given program in a particular year to sales (total or export, as appropriate) in that year. If the amount of subsidies is less than 0.5 percent of sales, the benefits are allocated to the year of receipt rather than being allocated over the AUL period.

Benchmarks for Loans and Discount Rates

Pursuant to 19 CFR section 351.505(a) and section 351.524(c)(3)(i), the Department will use as long-term loan benchmarks and discount rates the actual cost of long-term borrowing by the company, when available. For the reasons discussed *infra*, we have not accepted actual borrowing rates as reported by respondents. Instead, pursuant to 19 CFR section 351.505(a)(3)(ii), we have calculated the average cost of long-term fixed-rate loans in Italy. Consistent with previous cases, we relied on the Italian Interbank Rate (''ABI'') as the basis for the long-term benchmark rate. *See, e.g., Wire Rod*, 64 FR at 40476–77; *Final Affirmative Countervailing Duty Determination: Stainless Steel Plate in Coils From Italy*, 64 FR 15508, 15511 (March 31, 1999) (''*Plate in Coils*''); *Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils From Italy*, 64 FR 30624, 30627 (June 8, 1999) (''*Sheet and Strip*''); *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon Quality Steel Plate From Italy*, 64 FR 73244, 73248 (December 29, 1999) (''*CTL Carbon Plate*'').

We added two amounts to this rate. First, an upward adjustment is necessary because the ABI rate represents a long-term interest rate to banks' most preferred customers with established low-risk credit histories. For other customers, banks will typically add a spread ranging from 0.55 percent to 4 percent, to the ABI rate depending on the company's financial health. To reflect this, we have added the average of this spread, 2.28 percent, to the ABI rate. Second, an additional amount is needed to reflect the expenses associated with long-term lending activities. *See CTL Carbon Plate*, 64 FR at 73248; *Plate in Coils*, 64 at 15511; *Sheet and Strip*, 64 at 30627. Specifically, we found these expenses amounted to 8.5 percent of the interest charged and have added this amount to our benchmark. *Id.*

Rodacciai provided the ABI rate as its cost of long-term capital in the years it received certain subsidies. However, because Rodacciai provided no evidence the company was actually able to receive loans at the ABI rate, we have preliminarily allocated non-recurring benefits and calculated long-term loan benefits using the rate described above. At verification, time permitting, we intend to verify whether Rodacciai was actually able to obtain long-term financing at the ABI rate.

Valbruna has asked the Department to use as its long-term benchmark rate, the interest rate it pays on three-month loans which it rolls over at the end of every quarter. Valbruna suggests that large Italian companies prefer loans with this three-month EURIBOR rate rather than with ABI prime rates because they allow the company to borrow money in Italian lire or Euros at an effective rate below the ABI prime rate. The interest rate on these loans is equal to the three-month EURIBOR rate plus a small spread in the favor of the lending bank.

We have not used these rates as our long-term benchmark for Valbruna for the preliminary determination. First, we believe the three-month EURIBOR rate should be viewed as a short-term interest rate. Second, the fact that these quarterly loans are rolled over every quarter, and Valbruna treats these loans as long-term loans for its own purpose is not a sufficient reason to treat these loans as a substitute for an actual long-term loan. Rates on long-term loans and short-term loans may differ significantly. For instance, the rate on a long-term loan may be higher to adequately compensate the lender for the additional risk of default associated with lending money for a longer period of time. The quarterly loans received by Valbruna, while effectively resulting in a long-term loan for Valbruna, are, in reality, a series of short-term loans in which the risk of default can be regularly assessed. Presumably, at the end of every quarter and depending upon, *inter alia*, the risk of default at that time, the rate could be adjusted to account for increased or decreased risk or the loan could be canceled due to unacceptable risk. Consequently, we have preliminarily rejected the use of Valbruna's interest rate on these quarterly loans as an appropriate long-term benchmark and have, instead, allocated non-recurring subsidies and calculated long-term loan benefits by using the rate described *supra.* Nevertheless, at verification, as time permits, we will examine the loan provisions of Valbruna's quarterly loans and, more generally, the use of an EURIBOR rate as a substitute for the ABI rate.

For the years in which CAS/ILVA was uncreditworthy (see *infra* section on ''Creditworthiness''), we calculated discount rates for uncreditworthy companies in accordance with 19 CFR section 351.524(c)(3)(ii). To construct these benchmark rates, we used the formula described in section 19 CFR section 351.505(a)(3)(iii), which requires values for the probability of default by uncreditworthy and creditworthy companies. For the probability of default by an uncreditworthy company, we relied on the average cumulative default rate reported for the Caa to C-rated category of companies as published in Moody's Investors Service, ''Historical Default Rates of Corporate Bond Issuers, 1920–1997,'' (February 1998). For the probability of default by a creditworthy company we used the average cumulative default rates reported for the Aaa to Baa-rated categories of companies as reported in this study.[2] *See Miscellaneous Information Memo* at Attachment 3.

In certain instances for CAS and Bedini, we needed short-term interest rates for Italian lire denominated loans. However, neither of these companies provided company-specific short-term rates. Therefore, as a benchmark, we relied on the average, short-term interest rate in Italy as reported in the International Financial Statistics (*see Miscellaneous Information Memo* at Attachment 6).

Certain loans received by CAS were variable-interest rate loans denominated in currencies other than in Italian lire. Similar to *Wire Rod,* we were unable to find long-term rates denominated in the appropriate currency in Italy. Nor were we able to find comparable long-term, variable-interest rates on such loans. Therefore, as in *Wire Rod,* for these loans we used the average yield-to-maturity on long-term bond rates in the country of the currency, as reported in the International Financial Statistics (*see Miscellaneous Information Memo at Attachment* 6).

Equityworthiness

In the case of a government equity infusion, the Department measures the benefit by examining the investment decision against the usual investment practice of a private investor. 19 CFR section 351.507(a)(1). Specifically, the Department will compare the purchase price paid by the government to prices

[2] Since publication of the *CVD Regulations*, Moody's Investors Service no longer reports default rates for the Caa to C-rated category of companies. Therefore, for the calculation of uncreditworthy interest rates, we will continue to rely on the default rates as reported in Moody Investor Service's publication as of February 1998.

paid for new shares by private investors, if such prices exist. 19 CFR section 351.507(a)(2). If actual private investor prices are unavailable, the Department will determine the equityworthiness of a company at the time of the equity infusion. 19 CFR section 351.507(a)(3). Moreover, unless a company provides new information leading us to reconsider a previous finding of unequityworthiness, once a determination of unequityworthiness has been made for certain years, the Department's practice is to continue to find that company unequityworthy for those same years in subsequent cases. *See, e.g., Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Brazil,* 58 FR 37295, 37297 (July 9, 1993) (''*Certain Steel from Brazil*'').

In *Wire Rod,* ILVA and its predecessors were found to be unequityworthy from 1985 through 1988, and from 1991 through 1992. 64 FR at 40477. No new information has been presented in this investigation to warrant a reconsideration of this finding. Therefore, based on this previous finding of unequityworthiness, in this investigation, we continue to find ILVA and its predecessors unequityworthy from 1985 through 1988, and from 1991 through 1992. CAS did not receive any equity infusions directly during these years and, thus, we do not need to make a decision as to its equityworthiness at this time.

Creditworthiness

The examination of creditworthiness is an attempt to determine if the company in question could obtain long-term financing from conventional commercial sources. 19 CFR section 351.505(a)(4). Moreover, unless a company provides new information leading us to reconsider a previous finding of uncreditworthiness, once a determination of uncreditworthiness has been made for certain years, the Department's practice is to continue to find that company uncreditworthy in those same years in subsequent cases. *See, e.g., Id.; Certain Steel from Brazil,* 58 FR at 37297.

In *Wire Rod,* ILVA and its predecessors were found to be uncreditworthy from 1982 through 1993. 64 FR at 40477. No new information has been presented in this investigation to warrant a reconsideration of this finding. Therefore, based on this previous finding of uncreditworthiness, in this investigation, we continue to find ILVA and its predecessors uncreditworthy from 1982 through 1993. Thus, any benefits received by CAS or its predecessors in these years have been determined using rates for uncreditworthy companies.

Also, in the *Initiation Notice,* the Department stated it would examine Falck's creditworthiness in 1993–1994 and Bolzano's creditworthiness in 1995–1996, if it was discovered that these companies received equity infusions, loans or loan guarantees in these years. Based on the responses, neither Falck nor Bolzano was approved for any loans or allocable subsidies during these years. Therefore, we have not examined these allegations of uncreditworthiness for these years.

I. Programs Preliminarily Determined to Be Countervailable

Government of Italy Programs

1. Capacity Reduction Payments Under Article 2 of Law 193/1984

Article 2 of Law 193/1984 (''Article 2'') provided payments to companies in the private steel sector to achieve capacity reductions consistent with an agreement by the European Coal and Steel Community (''ECSC'').

Valbruna and Bolzano (then owned by Falck) received funds under this program. However, the benefits were allocated over the 12-year AUL established in *Wire Rod* and, consequently, the benefit stream lapsed prior to the POI. Similarly, Foroni reported receiving Article 2 grants, but the benefits from these grants would have been fully allocated prior to the POI. Therefore, no benefit accrued to Foroni in the POI. Only Rodacciai reported benefitting from Article 2 grants during the POI.

In *Wire Rod,* we found Law 193/1983 to be specific and to provide a financial contribution that conferred a countervailable benefit. 64 FR at 40479. No information has been presented in this investigation to warrant a reconsideration of this finding.

To calculate the subsidy rate, we allocated the grants received by Rodacciai over the AUL and then divided the benefit attributable to the POI by Rodacciai's total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.02 percent *ad valorem* exists for Rodacciai.

2. Law 451/94 Early Retirement Benefits

Passed in 1994, Law 451/94 enabled workforce reductions in the Italian steel industry by allowing workers to retire early. The law authorized early retirement for men at least fifty years of age and women at least forty-seven years of age, and who met certain minimum social security contribution requirements. Benefits were applied for between 1994 to 1996 and, upon early retirement, workers received benefits until their normal ages of retirement, for a maximum of ten years. When workers reached their normal ages of retirement, the company's planned retirement benefits would begin and Law 451/94 benefits would end.

In our previous investigations, we found assistance under Law 451/94 to be specific and to provide a financial contribution that conferred a countervailable benefit. *Id.* No information has been presented in this investigation to warrant a reconsideration of this finding.

In this investigation, pursuant to 19 CFR section 351.513(c) and consistent with previous determinations, we have treated benefits received under Law 451/94 as recurring grants to be expensed in the year of receipt. Moreover, consistent with our previous determinations, we treated one-half of the government payments as benefitting the respondent. *See, e.g., Plate in Coils,* 64 FR at 15515; *Sheet and Strip,* 64 FR at 30629; *CTL Carbon Plate,* 64 FR at 73253. *See also Preamble,* 63 FR at 65380.

Only Valbruna and Italfond reported that some of their employees retired early under this program. However, both companies also reported that several employees had reached their normal retirement age prior to the POI. Therefore, these employees are no longer receiving early retirement benefits under Law 451/94 and are instead receiving their normal retirement benefits from the respondent.

To calculate a subsidy rate, we first deducted these employees from the total number of employees who were approved to receive benefits during the application period, 1994 to 1996. The resulting number (*i.e.,* the number of employees who retired early and continued to receive Law 451/94 benefits in the POI), categorized by employee type (*i.e.,* blue collar, white collar, and senior executive), was multiplied by their respective average salary during the POI. Because the GOI made payments to these workers equaling eighty percent of their salary, we find forty percent of this amount benefitted the respondent. We then divided this benefit by each recipient respondent's respective total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.13 percent *ad valorem* exists for Valbruna and 0.18 percent *ad valorem* exists for Italfond.

3. Law 10/91

Under Law 10/91, the GOI provides funds for the development of energy conserving technology. Law 10/91 authorized grants based on applications submitted in 1991 and 1992. The GOI reported that CAS was the only respondent receiving benefits under this program during the POI.

In *Plate in Coils,* the Department found the aid provided under this program constituted a financial contribution and provided a benefit in the amount of the grants received. 63 FR at 15514. The Department also determined Law 10/91 to be *de facto* specific within the meaning of section 771(5A)(D)(iii) of the Act because ILVA (of which CAS was a part of at the time), received a disproportionate share of the benefits. *Id.* Thus, Law 10/91 was found to be countervailable. *Id.* No information has been presented in this investigation to warrant a reconsideration of these findings.

Because each grant under this program required separate approval, we find the benefits under this program to be non-recurring. To calculate the subsidy rate, we allocated the grants received by CAS over a 15-year AUL, and divided the benefit attributable to the POI by CAS' sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.15 percent *ad valorem* exists for CAS.

4. Law 549/95

Law 549/95 provided tax relief on fifty percent of reinvested profits to all companies, except banks and insurance companies, located in areas specified in EEC Regulation No. 2052/88 for the tax year 1996. The amount of profit that could be excluded was limited to the amount of investment exceeding the average amount of investments carried out during the five previous tax years. Qualified investments under Law 549/95 included investments in new plants, the extension and modernization of existing establishments, and the purchase of new capital goods, including capital goods acquired through leasing contracts.

The EC has required that benefits received by certain companies under Law 549/95 be repaid. Steel companies, in particular, were required to repay their benefits because Law 549/95 was found not compatible with Article 4 of the ECSC Treaty, (*Commission Decision on State Aid Granted by Italy by Way of Tax Relief under Law No 549/95,* OJ L 47/6 (February 23,1999)). Pursuant to the EC decision, on February 26, 2001, the GOI issued a Notice of Ascertainment requiring repayment of funds disbursed under this program. However, the GOI reported that neither Bedini nor CAS has yet paid back these benefits. Furthermore, the GOI reported that, on April 24, 2001, CAS filed an appeal to the Notice of Ascertainment.

Because the GOI has forgone or not collected revenue otherwise due, we find that the exemptions provided by Law 549/95 constitute financial contributions within the meaning of section 771(5)(D)(ii) of the Act. Even if the companies must repay these tax savings in the future, the GOI is forgoing revenue because it is essentially financing, from the time of their receipt and at zero interest, the tax benefits to be repaid. Also, because Law 549/95 benefits are available only to companies located within certain areas, we preliminarily find that these funds are specific under section 771(5A)(D)(iv) of the Act.

To determine the benefit to CAS and Bedini under this program, we have recognized the EC has ordered repayment and the GOI has taken steps to recover the amounts (GOI, *Ministry of Finance Circular n. 218/E* (September 15, 1998)). Consequently, we are treating the tax these companies owe as short-term, zero-interest-rate loans, being rolled over each year until repayment. This is consistent with our previous findings where the EC has ordered repayments and, in compliance, the GOI has instituted procedures to recover payments. *See Certain Steel Products from Germany; Final Affirmative Countervailing Duty Determinations,* 58 FR at 37316–19 (July 9, 1993). Thus, a benefit to CAS and Bedini exists to the extent the amount paid on these government ''loans'' is less than the amount the firms would pay on a comparable commercial loan. 19 CFR section 351.505(a).

We used the short-term interest rate described in the section on ''Subsidies Valuation Information: Benchmarks for Loans and Discount Rates'' to determine what the respondents would have paid on a comparable commercial loan. This benefit was then divided by the respondents' total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.01 percent *ad valorem* exists for Bedini and 0.14 percent ad valorem exists for CAS.

Government of Bolzano Subsidies

5. Province of Bolzano Law 25/81, Articles 13 Through 15

Articles 13 through 15 of Law 25/81 (''Articles 13 through 15'') are general aid measures providing grants to companies with limited investments in technical fixed assets and targeting technological investment, environmental investment, or restructuring projects. In *Wire Rod,* we found that ''Article 13 through 15 establish different eligibility requirements, different application procedures, different levels of available aid, and different types of aid (grants and loans) than assistance provided under other Articles of Law 25/81.'' 64 FR at 40486. Therefore, we considered assistance provided under Articles 13 through 15 separately from other assistance provided under Law 25/81.

In *Wire Rod,* we found Articles 13 through 15 to be specific and to provide a financial contribution that conferred a countervailable benefit. *Id.* No information has been presented in this investigation to warrant a reconsideration of this finding.

On July 17, 1996, the EC issued a decision, C(96) 2064, finding the aid granted under Law 25/81 to be illegal and ordering recovery of any amounts disbursed. This decision, however, ''grandfathered'' any aid approved prior to January 1, 1986 (*i.e.,* aid approved prior to this date did not have to be repaid). Bolzano received two grants under this program prior to January 1, 1986, which were grandfathered, and two loans and two grants after January 1, 1986, which were not grandfathered. All of these grants and loans were previously investigated in *Wire Rod. Id.* at 40485–46.

Regarding the two grants and two loans received after January 1, 1986, Falck (the prior owner of Bolzano) agreed to indemnify Valbruna for any negative consequences resulting from the EC investigation. To carry out its obligation, Falck repaid the funds, but decided to appeal the EC decision requiring repayment. In December 1999, subsequent to *Wire Rod,* the EC rejected Falck's appeal. Falck filed a second appeal of the EC decision to the European Court of Justice (''ECJ'') on March 2, 2000. According to Valbruna, this is the last possibility of appeal for Falck. Valbruna further claims the possibility of success in this second appeal is highly unlikely because an appeal to the ECJ requires a showing that the judgement by the lower court, the Court of First Impression (''CFI''), contained an error of law. In fact, Valbruna claims no appeal concerning state aids to the steel sector has ever been successful since the formation of the CFI in 1989.

In *Wire Rod,* the Department countervailed the benefits received under this program because Falck was still in the process of appealing the EC

decision during the POI in that case, and it was unclear at the time whether Falck would be successful. *Id.* However, we stated in *Wire Rod* that we would reconsider this issue once a final judgement had been rendered in the appeal taking place at the time. *Id.* For purposes of this investigation, we preliminarily determine that the facts have changed sufficiently from *Wire Rod* to allow us to conclude that the assistance provided to Bolzano after January 1, 1986, should not be countervailed. The funds have already been repaid by Falck and Falck lost the appeal pending during *Wire Rod*. Given the diminished prospects for Falck to recover the amount it has repaid, we preliminarily determine that there is no benefit to Bolzano or Valbruna from the grants and loans received under this program after January 1, 1986. If Falck does prevail in its second appeal and the monies it has repaid are refunded, it would be appropriate at that time to consider whether a benefit exits.

Regarding the two grandfathered grants received before January 1, 1986, these grants were disbursed to Bolzano in semi-annual installments until December 1992 for one grant and June 1990 for the other. Consistent with *Wire Rod*, because these grants required separate approvals, we are treating them as non-recurring benefits. *Id.* Also, because grants received under this program were allocated over a 12-year AUL in *Wire Rod*, we have continued to use the 12-year AUL period.

To determine the subsidy rate, we divided the amounts allocated to the POI by Valbruna's total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.11 percent *ad valorem* exists for Valbruna.

Regional Government of Valle D'Aosta Subsidy Programs

6. Valle D'Aosta Regional Law 12/87

Law 12/87 of the Autonomous Region of Valle d'Aosta (''Regional Government'') provides grants for the promotion of commercial activities of local firms in other regions of Italy and abroad. Support is provided to companies for participation in shows, fairs, and exhibitions in Italy and abroad, and for participation in commercial delegations abroad. Companies apply for funding for up to thirty percent of the costs of promotional activities in Italy (up to ten million lire) and forty percent of the costs of promotional activities abroad (up to fifteen million lire).

In *Wire Rod*, we found Law 12/87 provides a financial contribution within the meaning of section 751(5)(D)(1) of the Act. *Id.* at 40483. We also determined this program constitutes an export subsidy because, although the program is available for promotional activities both within and outside Italy, we found the grants were only given for export-related promotion activities. *Id.* The Regional Government did not submit any information indicating that the nature of the grants received by CAS in the POI has changed since *Wire Rod*. Therefore, we continue to find this program provides a countervailable benefit.

In *Wire Rod*, we found these grants to be non-recurring because they are exceptional and require separate government applications and approval. *Id.* However, the grants examined in that investigation (*i.e.,* those disbursed prior to and during the POI) were expensed in the year of receipt. Therefore, we are not including those grants in our calculation.

Similarly, all grants received since *Wire Rod* have been less than 0.5 percent test of CAS'' export sales in their respective years of approval. Therefore, the benefits were expensed in their respective year of receipt. For the amount approved and received in the POI, we divided the benefit by CAS'' export sales in the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.01 percent *ad valorem* exists for CAS.

European Union Subsidies

7. ECSC Article 54 Loans

ECSC Article 54 Loans (''Article 54'') were made to steel undertakings to carry out the investment programs established under the ECSC Treaty. These loans finance the purchase of new equipment modernization, and are made at interest rates slightly higher than the rates obtained by the EC. The loans cannot exceed fifty percent of the underlying eligible investment.

In *Wire Rod*, we found Article 54 loans to be specific and to provide a financial contribution that conferred a countervailable benefit. *Id.* at 40486. No information has been presented in this investigation to warrant a reconsideration of this finding.

Valbruna, Bolzano, and CAS received Article 54 loans. However, Valbruna's and Bolzano's loans were repaid prior to the POI. Thus, they received no benefit during the POI. However, according to the EC response, CAS did have Article 54 loans outstanding during the POI. As facts available, we are using the information provided by the EC to calculate a subsidy rate for CAS. These loans were variable-interest-rate loans and certain of these loans were denominated in currencies other than the Italian lire.

To calculate a subsidy rate, we first compared the cost of the benchmark financing for each loan to the financing CAS received under this program and found the loans provided a financial contribution with the meaning of section 771(5)(D)(ii) of the Act. We then calculated the difference during the POI between the interest actually paid and the interest that would have been due on the benchmark loan. Finally, we divided this benefit by CAS'' total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.26 percent *ad valorem* exists for CAS.

8. European Social Fund

The European Social Fund (''ESF''), one of the Structural Funds operated by the EC, was established in 1957 to improve workers' employment opportunities and to raise their living standards. The main purpose of the ESF is to make employing workers easier and to increase the geographical and occupational mobility of workers within the European Union (''EU''). It accomplishes this by providing support for vocational training, employment, and self-employment.

Like the other EC Structural Funds, ESF seeks to achieve six different objectives explicitly identified in the EC's framework regulations for Structural Funds: Objective 1 is to promote development and structural adjustment in underdeveloped regions; Objective 2 is to assist areas in industrial decline; Objective 3 is to combat long-term unemployment and to create jobs for young people, and people excluded from the labor market; Objective 4 is to assist workers adapting to industrial changes and changes in production systems; Objective 5 is to promote rural development; and Objective 6 is to aid sparsely populated areas in northern Europe.

The EU Member States are responsible for the identification of projects to receive ESF financing and their subsequent implementation. The Member States must also contribute to the financing of the projects. In general, the maximum benefit provided by ESF is 50 percent of the total cost of projects geared toward Objectives 2, 3, 4, and 5b, and 75 percent of the project's total cost for Objective 1 projects. For Objective 4 programs implemented in Italy, generally 45 percent of the funding is provided by the EC and 35 percent by the GOI (under the auspices of the Rotation Fund). Companies usually receive 50 percent of the aid up-front

and the remainder upon satisfactory completion of the training program.

According to the questionnaire responses, the following respondents received or benefitted from ESF grants: CAS, Valbruna, Rodacciai and Bedini. We find these grants to constitute a financial contribution within the meaning of section 771(5)(D)(i) of the Act.

All of these grants were given for Objective 4 projects involving worker assistance in the form of employee training. The Department considers worker assistance programs to provide a benefit to a company when the company is relieved of a contractual or legal obligation it would otherwise have incurred. 19 CFR section 357.513(a). Generally, only limited information was provided in the questionnaire responses about the purpose of these grants. However, one respondent, Bedini, reported that its ESF grants were used to train its employees in the ''technical and scientific aspects of steel production, * * * the sales and distribution of steel products, * * * and the general activities of the company, *i.e.,* technical personnel were trained about the technical aspects of production.'' Bedini's May 14, 2001 supplemental response at S–7. Moreover, in general, the respondents provided insufficient information regarding the nature and extent of their normal vocational training programs and job-skills enhancement practices (*i.e.,* the sorts of training and skills enhancement normally taking place in the absence of ESF assistance).

We intend to examine this issue more closely at verification, time permitting. However, because companies normally incur the costs of training to enhance the job-related skills of their own employees, and because the limited record information suggests that these ESF training programs were related to the operations of the respondents, in lieu of more detailed information to the contrary we preliminarily determine these ESF grants have relieved the recipient respondents of obligations that they otherwise would have incurred. Accordingly, we determine the ESF grants received by CAS, Valbruna, Rodacciai and Bedini provided a benefit under section 771(5)(E) of the Act to each recipient in the amount of the respective grant.

Regarding the specificity of benefits under this program, neither the EC nor the GOI has provided us with detailed industry and regional distribution information on Objective 4 grants in Italy, despite our explicit request for such information in the questionnaires and supplemental questionnaires. Therefore, we find it appropriate to apply an adverse inference and conclude that these grants are specific under section 771(5A) of the Act.

Based on the foregoing, we find the ESF grants to CAS, Valbruna, Rodacciai and Bedini to be countervailable subsidies.

The Department normally considers the benefits from worker-training programs to be recurring. 19 CFR section 351.524(c)(1). However, we found in *Wire Rod,* that ESF grants relate to specific, individual projects and we treated them as non-recurring grants because each grant required separate government approval. 64 FR at 40488; 19 CFR section 351.524(c)(2)(ii). In this investigation, because the amount of ESF funding approved for each recipient was less than 0.5 percent of the recipient's sales, we have expensed all reported ESF grants received in the year of receipt for all recipient respondents. Because Bedini did not receive any ESF grants in the POI, we found the program not used for Bedini. For the remaining recipients, we divided the amount of ESF grants received by each recipient in the POI by that recipient's total POI sales. Accordingly, we preliminarily determine that the following *ad valorem* rates exist for CAS, Valbruna, and Rodacciai, respectively: 0.11 percent, 0.01 percent, and 0.05 percent.

Company-Specific Subsidies Conferred by the Government of Italy

9. Restructuring Subsidies Provided to the Italian Steel Industry Attributable to CAS

A. Equity Infusions to Finsider and ILVA

Because CAS did not respond to our questionnaire in this investigation, we relied on information from the GOI and *Wire Rod* to determine the amount of equity infusions benefitting CAS during the POI. Both the GOI and *Wire Rod* indicated the GOI provided equity infusions to Finsider up to 1988 and to ILVA in 1991–1992. However, because we allocated these benefits over a 12-year AUL in *Wire Rod,* the benefits provided to Finsider have been fully accounted for prior to the POI. Thus, we preliminarily find only the equity infusions made to ILVA in 1991–1992 continue to benefit CAS during the POI.

As in *Wire Rod*, we find the GOI's equity infusions in ILVA were specific and provided a financial contribution which conferred a benefit upon CAS. Under our new change-in-ownership methodology (see *supra* section on ''Changes in Ownership'') and, as facts available, we find CAS to be the same entity as its predecessor (see *supra* section on ''Use of Facts Available''). Accordingly, the equity infusion received by the predecessor entity continues to fully benefit CAS.

To calculate CAS' share of these infusions in the larger company, ILVA, we divided the value of CAS' assets in 1991 and 1992 by the total value of ILVA's assets in 1991 and 1992, respectively. These ratios were then applied to the 1991 and 1992 equity infusion received by ILVA to determine the amount ultimately attributable to CAS.

Consistent with *Wire Rod*, the equity subsidies were allocated over a 12-year AUL to determine the benefit during the POI. In addition, because ILVA was uncreditworthy at the time it received the equity infusion, this allocation was made using a discount rate for uncreditworthy companies (see *supra* section on ''Subsidies Valuation Information: Benchmarks for Loans and Discount Rates.'') We then divided the benefit in the POI by CAS' total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.61 percent *ad valorem* exists for CAS.

B. Pre-Privatization Assistance and Debt Forgiveness

In *Wire Rod*, we determined the following:

> Cogne S.p.A. acquired the shares of Robles S.r.l. and changed the company's name to [CAS], in 1992. * * *
>
> At the end of 1992, Cogne S.p.A. transferred most of the productive assets of the Aosta facility to CAS through the capital contribution procedure under Italian law. Under this procedure, Cogne S.p.A. had assets (and liabilities) assessed under the oversight of the Italian Court and contributed them to CAS in exchange for shares in CAS worth exactly the net value of the contribution. CAS officials explained that pursuant to the capital contribution, CAS received the liabilities associated with the production process, while Cogne S.p.A. retained the other liabilities which were mostly long-term. From that point, CAS became the operating company and Cogne S.p.A. entered into liquidation. * * *
>
> As of December 31, 1993, ILVA S.p.A. issued a guarantee on behalf of Cogne S.p.A. for the uncovered liabilities of the firm, and the anticipated costs of the liquidation process, for 380 billion lire. * * *
>
> ILVA [was then divided] into three companies: ILVA Laminati Piani, Acciai Speciali Terni, and ILVA in Liquidazione. * * * ILVA in Liquidazione, retained responsibility for all of the ILVA entities which could not be sold to private parties. * * * The estimated costs of the liquidation, 10 trillion lire, covered all of the ILVA companies including the subsidiaries. The costs associated with the liquidation of

Cogne S.p.A. were included in that total.
* * *

64 FR at 40478–40479 (citations omitted).

Because CAS did not respond to our questionnaire in this investigation, we relied on information from the GOI and *Wire Rod* to determine the amount of pre-privatization assistance and debt forgiveness benefitting CAS during the POI.

As in *Wire Rod*, we continue to find the GOI, in making available this pre-privatization assistance and debt forgiveness, provided a financial contribution which was specific and conferred a benefit upon CAS in the amount of Cogne S.p.A's total liabilities and losses assumed by ILVA. Following the methodology used in *Wire Rod* to calculate the subsidy rate, we used a discount rate for uncreditworthy companies, as described *supra* in the section on ''Subsidies Valuation Information: Benchmarks for Loans and Discount Rates,'' to allocate the benefits over a 12-year AUL. We then divided the benefit attributable to the POI by CAS'' total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 10.12 percent *ad valorem* exists for CAS.

Company Specific Subsidies Conferred by the Provincial Government of Bolzano

10. Province of Bolzano Assistance

A. Lease of Bolzano Industrial Site to Valbruna

Falck sold Bolzano to Valbruna in 1995. Concurrent with the change in ownership, Falck and Bolzano sold Bolzano's industrial site to the Province of Bolzano (''Province''). The Province paid for the property in full. At the same time, Valbruna negotiated with the Province to lease the Bolzano industrial site and, on July 31, 1995, signed a thirty-year lease. During the first two years of the lease, Valbruna paid rent by absorbing environmental remediation and initial extraordinary maintenance costs.

Although the Province provided some information on the market for industrial property, apparently very little industrial property is available in the Province. Valbruna and the Province provided some information on leases between the Province and other private parties; however, the amount of property covered by these leases is much smaller than that covered by the Valbruna lease and, therefore, inappropriate for comparison purposes. In any event, we do not find these leases to represent a market-determined negotiation between private parties because the rents are set by law at 4.0 percent per annum of each property's net purchase price.

Consistent with *Wire Rod*, we determine that the Province has provided a financial contribution with the meaning of section 771(5)(d)(3). We further determine that the Province's provision of this lease is specific because it is limited to Valbruna.

In determining the existence and amount of the benefit, we have compared the average annual return on industrial leased property in Italy during the POI to the rent paid by Valbruna during the POI. This comparison indicates that Valbruna received a benefit in the amount of the difference.

Valbruna has suggested we account for the extraordinary maintenance expenses it incurred during the POI. We preliminarily decline to do so. Although the Italian Civil Code obliges a landlord to pay for extraordinary maintenance, such as environmental remediation, this obligation may be passed to the lessee. Evidence on the record in *Wire Rod* indicated long-term leases, such as the one negotiated between Valbruna and the Province, often require the lessee to take responsibility for extraordinary maintenance. *Id.* at 40481. We specifically found the extraordinary maintenance costs would have been assigned to the lessee by a commercial landlord. *Id.* at 40484. Therefore, consistent with *Wire Rod*, we find the average rate of return on commercial leases remains an appropriate benchmark, without any adjustments for such costs. However, we will examine this issue further at verification, time permitting.

To calculate the subsidy to Valbruna during the POI, we divided the benefit (*i.e.,* the difference between the average rate of return on leased commercial property in Italy during the POI and the actual rent paid by Valbruna during the POI) by Valbruna's total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.15 percent *ad valorem* exists for Valbruna.

B. Environmental and Research and Development Assistance to Bolzano Under Law 25/81

Valbruna reported receiving two grants under Law 25/81 for the adaptation of existing facilities to new environmental requirements (''environmental grants''). As discussed *supra*, we found assistance provided under Article 13 through 15 of Law 25/81 to be countervailable in *Wire Rod*. Environmental grants were not investigated in *Wire Rod* and it is not clear which Article of Law 25/81 authorizes these environmental grants. For the preliminary determination, we have treated the environmental grants as being distinct from Articles 13 through 15 grants.

Although we received general information on the maximum amount of benefits green-lighted by the EU, the Province provided insufficient information regarding the specificity (particularly, *de facto* specificity) of the environmental grants. Lacking this information, we are drawing an adverse inference and, as facts available, we preliminarily determine the environmental grants are specific within the meaning of section 771(5A)(D)(iii) of the Act.

The two grants received by Valbruna under this program were approved in 1998. To calculate the benefit during the POI, we allocated these grants over Valbruna's AUL and divided the benefit attributable to the POI by Valbruna's total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.20 percent *ad valorem* exists for Valbruna.

Company-Specific Subsidies Conferred by the Regional Government of Valle D'Aosta

11. Valle D'Aosta Regional Assistance Associated With the Sale of CAS

In *Wire Rod*, we found the following fact pattern:

> [W]hen CAS was privatized, the land and buildings were sold to the Autonomous Region of Valle d'Aosta which now leases back the facility to the new owners of CAS. The framework for this triangular transaction among ILVA, CAS, and the Region was established through the protocols of agreement signed November 19, 1993. The Region * * * agreed to (1) purchase the land, including the hydroelectric facilities owned by ILVA Centrali Elettriche S.p.A. (ICE) * * *, (3) to cover the costs of environmental reclamation on the land * * *, and (4) to supply electricity directly to CAS from the ICE plants. In exchange, ILVA agreed to transfer CAS to a private party by December 31, 1993, with a restructuring fund. The purchaser of CAS's shares agreed to (1) vacate and abandon areas of the property not used in production activity; and, (2) to guarantee positions for 800 employees after the privatization.

Id. FR at 40480.

A. Lease of Cogne Industrial Site

In *Wire Rod*, we determined the following facts regarding the lease of the Cogne industrial site:

> After the purchase of the land and buildings, Struttura Valle d'Aosta S.r.l. (Structure), a company wholly-owned by the Region, assumed the lease that had been

between Cogne S.p.A. and CAS for the use of the site until a new lease could be negotiated. In 1996, Structure and CAS entered into a thirty-year lease for the facility which produces subject merchandise. The new lease implements the commitments set forth in the protocols of agreement: the facility is leased to CAS; CAS undertakes all maintenance on the facility (including extraordinary maintenance); and CAS commits to vacate approximately 50 percent of the property in favor of the Region. The lease was also designed to provide for the stable employment of 800 employees at the facility. * * *

The record evidence indicates that the average rate of return on leased commercial property in Italy is 5.7 percent. * * * As an average, this rate reflects different terms, lengths, and locations of lease contracts throughout Italy. * * *

In applying the 5.7 percent rate, we have determined that no adjustments to this rate are warranted for either depreciation or extraordinary maintenance payments. * * *

Id. FR at 40481 (citations omitted).

Consistent with *Wire Rod*, we determine that the Regional Government has provided a financial contribution within the meaning of section 771(5)(d)(iii). We further determine that the Regional Government's provision of this lease is specific because it is limited to CAS.

In determining the existence and amount of the benefit, we have compared the average annual return on industrial leased property in Italy during the POI to the rent paid by CAS during the POI. This comparison indicates that CAS received a benefit in the amount of the difference.

To calculate the subsidy to CAS during the POI, we divided the benefit (*i.e.*, the difference between the average rate of return on leased commercial property in Italy during the POI and the actual rent paid by CAS during the POI) by CAS' total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.19 percent *ad valorem* exists for CAS.

B. Waste Plant

In *Wire Rod*, we determined this program did not exist because, at the time, construction of the waste plant had not yet begun. *Id.* at 40482. We stated, however, we would continue to review this program in the future to determine if waste disposal services were being provided for less than adequate remuneration. *Id.*

In the original protocol agreement between the Regional Government and the purchaser of CAS, the Regional Government stated it would construct, under its own responsibility and at its own expense, a waste disposal area suitable for receiving and processing waste. Construction of the waste plant was reportedly begun on November 15, 1995, with completion expected on May 13, 2001. Therefore, during the POI the waste plant was still under construction.

On October 11, 1999, the Regional Government enacted Decision 3502, ''Payment to Cogne Acciai Speciali of the Higher Costs Incurred For Disposal In Waste Treatment Plants Of Its Steelworks Waste Until Such Time That The Pontey Waste Disposal Plant Becomes Available,'' as part of Regional Law 4 dealing with the Cogne industrial site. Under this Decision and beginning in September 1999, the Regional Government has been making payments to CAS to offset costs incurred in removing CAS'' waste to facilities located outside the region.

We preliminarily determine that the payments to CAS are a financial contribution within the meaning of 771(5)(D)(i) of the Act and that the benefit is the amount of the grant. No information exists on the record indicating that any other companies have received similar payments. Accordingly, we find these payments to be specific within the meaning of section 771(5A)(D) of the Act. Based on the foregoing, we find these benefits to constitute a countervailable subsidy.

The Regional Government calculated the cost to transport CAS' waste outside the region at twenty-six lire per kilogram of waste and estimated a maximum waste production of 50,000,000 kilograms per year. Therefore, the maximum amount of the grant would not exceed 1,300,000,000 lire. Because we have no information regarding the actual amount that CAS received during the POI, we have based our calculations, as facts available, on the estimated, maximum yearly payment.

For purposes of this preliminary determination, we are treating these payments as recurring subsidies. We have done this because these payments are being made in lieu of a service that the Regional Government obligated itself to provide and, hence, the payments are like the recurring subsidies described in 19 CFR section 351.524(c)(1).

To calculate the subsidy to CAS, we divided the maximum payment to CAS by CAS' total sales during the POI. Accordingly, we preliminarily determine that a countervailable benefit of 0.35 percent *ad valorem exists for CAS.*

C. Loans to CAS To Transfer Its Property

In *Wire Rod*, we determined that the Regional Government agreed to finance the cost of transferring CAS' property off the portion of the site not subject to the lease. *Id.*

In this investigation, the GOI confirmed that CAS received three separate loans under this program to transfer its property. In *Wire Rod*, we found these loans to be specific and to provide a financial contribution that conferred a countervailable benefit. *Id.* No information has been presented in this investigation to warrant a reconsideration of this finding. In this investigation, we calculated the benefit in the same manner as in *Wire Rod*, *i.e.,* as the difference between the interest that CAS would have paid on a comparable commercial loan and the amount actually paid.

In addition to the preferential interest rate, CAS was relieved of making certain payments on those loans during the POI. Because of severe flooding in the region during October 2000, the Regional Government passed Decision 44 in January of 2001. Decision 44 cancelled the interest CAS had due in November 2000, and deferred the principal portion of the November 2000 payment for two to three payment periods. According to the Regional Government, Decision 44 applied to companies that suffered damage to property or equipment covered by ''easy-term'' loans obtained through the Region's rotating funds (including Regional Law 37, the law under which CAS received its loans). However, the Regional Government did not provide information to substantiate its claim regarding the availability of Decision 44 benefits to a wide range of companies or its use by multiple and various companies. Thus, as facts available, we find the interest cancellation and principal deferral to be *de facto* specific, and to constitute a financial contribution under section 771(5A) and 771(5)(D) of the Act, respectively.

To calculate the subsidy to CAS for the May 2000 payment, which was made on time, we divided the difference between the interest due on the benchmark loan by the interest actually paid by CAS by CAS' total sales during the POI.

Regarding the cancellation of the interest payment, we consider this to be debt forgiveness and, as such, a benefit exists at the time of forgiveness equal to the amount of interest the government has forgiven. 19 CFR section 351.508(a). This benefit is treated as a non-recurring subsidy and allocated over the company's AUL. 19 CFR section 351.508(c). However, because this amount is less than 0.5 percent of CAS' sales during the POI, we expensed the full amount of the benefit in the POI.

We calculated the subsidy rate by dividing the benefit by CAS' total sales during the POI.

Regarding the deferral of principal payments, because CAS will have to repay these funds eventually, we consider this a short-term, zero-interest loan for the duration of the deferral. To calculate a subsidy rate, we used the short-term interest rate (see *supra* section on ''Subsidies Valuation Information: Benchmarks for Loans and Discount Rates'') in determining the difference between what would have been paid on a comparable commercial loan and what was actually paid. We then divided this amount by CAS's total sales during the POI.

Accordingly, for the May 2000 loan payment, the cancellation of the November 2000 interest payment, and the deferral of the November 2000 principal payment, we preliminarily determine that a countervailable benefit of 0.64 percent *ad valorem* exists for CAS.

II. Programs Preliminarily Determined To Be Not Countervailable

Company Specific Subsidies Conferred by the Provincial Government of Bolzano

1. Environmental and Research and Development Assistance to Bolzano Under Law 44/92

Law 44/92 is aimed at promoting technological innovation and research and development within the Province. Article 3 of Law 44/92 allows for the provision of loans at reduced rates. In 1999, Valbruna received a long-term, fixed-rate, low-interest loan under this program in order to finance a research and development program on ultra-clean stainless steels and alloys.

Section 771(5A)(D) of the Act requires domestic subsidies be specific in law or in fact in order to be countervailable. Eligibility for Law 44/92 does not appear to be (1) contingent in law or fact on export performance, (2) contingent on the use of domestic rather than imported goods, or (3) a domestic subsidy within the definition of section 771(5A)(D) of the Act. Instead, we find the record evidence in this investigation indicates that loans under Law 44/92 were widely and evenly distributed with no one sector or enterprise receiving a disproportionate amount. As a result, we preliminarily determine the loan received by Valbruna under Law 44/92 is not specific within the meaning of Section 771(5A) of the Act and, thus, not countervailable.

IV. Programs Preliminarily Determined To Be Not Used

Based on the information provided in the responses, we determine no responding companies applied for or received benefits under the following programs during the POI:

Government of Italy Programs

1. Capacity Reduction Payments Under Articles 3 and 4 of Law 193/1984

While several respondents received interest payment grants under Article 3, for all of these respondents, either the grant was not greater than 0.5 percent of the respective company's total sales or the underlying loans over which we would allocate the grant were fully repaid prior to the POI. Falck is the only company reported as having received funds under Article 4. However, these benefits to Falck were fully allocated in *Wire Rod* prior to the POI. Accordingly, no respondent benefitted from Article 3 or 4 benefitted during the POI.

2. Law 796/76 Exchange Rate Guarantees

3. Article 33 of Law 227/77, Export Credit Financing Under Law 227/77, and Decree Law 143/98

4. Grants under Laws 46/82 and 706/85

5. Law 181/89 and Law 120/89

Law 181 was implemented to ease the impact of employment reductions in the steel crisis areas of Naples, Taranto, Terni, and Genoa. The law targeted four activities: (1) Promotion of investment in reindustrialization, (2) promotion of employment, (3) promotion of worker retraining, and (4) early retirement. Rodacciai is the only company that reported receiving benefits under this program. Arguing it was the workers themselves that directly received any benefits from this program, and not the company, Rodacciai did not report the amount of benefits provided under this program. However, Rodacciai did report, to the best its knowledge, that its workers received benefits under this program in 1996.

We have previously found this program provides a countervailable benefit. *Preliminary Affirmative Countervailing Duty Determination: Grain-Oriented Electrical Steel From Italy 59* FR 4682, 4688 (February 1, 1994) (''*GOES Prelim*'').

Although Rodacciai did not provide specific information regarding the amount of benefits received under this program, Rodacciai did state its workers received benefits in 1996. Because we find Law 181, consistent with the *GOES Prelim,* to provide recurring benefits, any benefits actually received would have been expensed fully in the year of receipt, 1996. Therefore, while we preliminarily find no benefits were received in the POI, we intend to examine this issue further at verification to determine, *inter alia,* whether any benefits were actually received during the POI.

Finally, we note Law 181 is the enactment by the Italian Parliament of Decree Law 120. Once enacted into a Law, a Decree Law no longer exists. Therefore, Decree Law 120 no longer exists.

6. Law 488/922, Legislative Decree 96/93 and Circolare 38522

7. Law 341/95 and Circolare 50175/95

8. Law 675/77

A. Interest Grants on Bank Loans
B. Mortgage Loans
C. Interest Contribution on IRI Loans
D. Personnel Retraining Aid

9. Law 394/81 Export Marketing Loans [3]

Law 394/81 provides low-interest rate loans to finance up to 85 percent of the cost of investment projects by Italian companies seeking to develop or increase a presence in markets outside of the EU. According to the questionnaire responses of the respondents and the GOI, Valbruna is the only respondent that received funds under this law. According to Valbruna, it received a loan under this program during the POI to create a distribution subsidiary in Mexico. Further, according to Valbruna, this subsidiary will distribute merchandise only in the Mexican market and not for sales to the United States. Therefore, consistent with our approach when investigating a similar export marketing program in *Final Affirmative Countervailing Duty Determination: Certain Pasta from Italy,* 61 FR 30288, 30293 (June 14, 1996) (regarding ''Export Marketing Grants Under Law 304/90''), we preliminarily determine any benefit from this program to be tied to Valbruna's Mexican sales and, accordingly, find that this program did not benefit Valbruna's POI sales of subject merchandise to the United States.

10. Law 481/94 (and Precursors) Grants for Reduced Production

11. Law 489/94

Valbruna initially reported receiving benefits under Law 549/95. However, in supplemental responses, Valbruna and the GOI indicated these benefits were

[3] In the *Initiation Notice,* we referred to this program as ''Law 394/81 Export Marketing Grants''. However, Valbruna and the GOI have indicated that only loans, not grants, are provided under this law.

actually received under Law 489/94. According to Valbruna, Law 489/94 was generally available to all businesses in Italy and provided tax relief on fifty percent of the amount a company's 1995 investments in tangible fixed assets exceeded the average investment of the previous five years. Unlike Law 549/95, no evidence exists on the record of this investigation indicating relief provided under Law 489/94 will be repaid.

Assuming arguendo this program is countervailable, an exemption or remission of a direct tax is considered as ''having been received on the date on which the recipient firm would otherwise have had to pay the taxes associated with the exemption or remission. Normally, this date will be the date on which the firm filed its tax return.'' 19 CFR section 351.509(b).

Because the tax return reflecting any benefit under Law 489/94 was filed prior to the POI and, hence, any benefit would be attributed to Valbruna prior to the POI, we have not analyzed this program further.

Regional Government of Valle D'Aosta Subsidy Programs

12. Valle D'Aosta Regional Law 64/92

In *Wire Rod,* benefits received under this program were found to be less than 0.5 percent of CAS'' sales during the POI, the year of approval and, thus, were expensed in the year of receipt. 64 FR at 40483. According to the Regional Government of Aosta, CAS received no new amounts under this programs since the POI covered by Wire Rod.

European Union Subsidies

12. ECSC Article 56 Conversion Loans, Interest Rebates, and Restructuring Grants

13. European Regional Development Fund

14. Commission Decision 88/588 and Resider II.

Company Specific Subsidies Conferred by the Government of Bolzano

15. Province of Bolzano Assistance: Lease Exemption Under Valbruna/ Bolzano Lease

In *Wire Rod*, benefits received under this program were found to be less than 0.5 percent of CAS'' sales during the POI, the year of approval and, thus, were expensed in the year of receipt. 64 FR at 40485. No new amounts were reported to have been received since the POI in *Wire Rod* under this program.

Company Specific Subsidies Conferred by the Regional Government of Valle D'Aosta

16. Valle D'Aosta Regional Assistance Associated With the Sale of CAS: Provision of Electricity

As part of the original protocols in which the Regional Government purchased the Cogne industrial site, the operator of ILVA's hydroelectric plants, ILVA Centrali Elettrische S.p.A. (''ICE'') (now known as Compagnia Valdostana delle Acque S.p.A. (''Valdostana'')) was acquired. Using Valdostana, the Regional Government planned to supply electricity directly to CAS through a consortium (''Consorzio'') (CAS would be a member of the Consorzio through its planned purchase of shares in Valdostana).

In *Wire Rod*, we stated the law at that time did not permit CAS to purchase electricity from entities other than ENEL, the state-owned electric company. 64 FR at 40482. We also stated, however, should the law change, we would reexamine the countervailability of this program. *Id.*

Because the Regional Government has reported in this investigation that CAS decided not to acquire shares in Valdostana and does not purchase electricity from the Consorzio, we preliminarily find this program not used.

Verification

In accordance with section 782(i)(1) of the Act, we will verify the information submitted by the respondents prior to making our final determination.

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated an individual rate for each manufacturer of the subject merchandise. We preliminarily determine the total estimated net countervailable subsidy rates to be:

Producer/exporter	Net subsidy rate (percent)
Cogne Acciai Speciali S.r.l.	12.59
Acciaierie Valbruna S.r.l./ Acciaierie Bolzano S.r.l.	0.60
Acciaiera Foroni S.p.A.	0.00
Trafileria Bedini S.r.l.	0.01
Italfond S.p.A.	0.18
Rodacciai S.p.A.	0.07
All Others	12.59

In accordance with sections 777A(e)(2)(B) and 705(c)(5)(A), we have set the ''all others'' rate as CAS'' rate, because the rates for all other investigated companies are either zero or de minimis. We note that although portions of CAS'' rate were based on adverse facts available, we based the majority of our calculations on information provided by the GOI and EC in this investigation.

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of stainless steel bar from Italy for CAS and for any non-investigated exporters 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 above. This suspension will remain in effect until further notice. Liquidation of entries from Valbruna, Foroni, Bedini, Italfond, and Rodacciai will not be suspended at this time because we have preliminarily determined their rates to be either zero or de minimis.

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 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.

In accordance with section 705(b)(2) of the Act, 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 section 351.310, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing is tentatively scheduled to be held 57 days from the date of publication of this preliminary determination, at the U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., Washington, DC 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 1870, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. 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. An interested party may make an affirmative presentation only on arguments included in that party's case brief and may make a rebuttal presentation only on arguments included in that party's rebuttal brief. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

In addition, six copies of the business proprietary version and six copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than 50 days from the publication of this notice. As part of the case brief, parties are encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Six copies of the business proprietary version and six copies of the nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 5 days after the filing of case briefs. Written arguments should be submitted in accordance with 19 CFR section 351.309 and will be considered if received within the time limits specified above.

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

Dated: May 29, 2001.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 01–14133 Filed 6–5–01; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration (NOAA)

Science Advisory Board

AGENCY: Office of Oceanic and Atmospheric Research, NOAA, DOC.

ACTION: Notice of Open Meeting.

SUMMARY: The Science Advisory Board (SAB) was established by a Decision Memorandum dated September 25, 1997, and is the only Federal Advisory Committee with responsibility to advise the Under Secretary of Commerce for Oceans and Atmosphere on long- and short-range strategies for research, education, and application of science to resource management. SAB activities and advice provide necessary input to ensure that National Oceanic and Atmospheric Administration (NOAA) science programs are of the highest quality and provide optimal support to resource management.

TIME AND DATE: The meeting will be held Tuesday, June 26, 2001, from 1 p.m. to 5 p.m.; Wednesday, June 27, 2001, from 8 a.m. to 5 p.m.; and Thursday, June 28, from 8 a.m. to 12:30 p.m.

ADDRESSES: The meeting on Tuesday, June 26 will be held at the National Marine Fisheries Service Laboratory, 110 Shaffer Road, Santa Cruz, CA. On Wednesday, June 27, and Thursday, June 28, the meeting will be held at the West Coast Santa Cruz Hotel, 175 West Cliff Drive, Santa Cruz, CA.

STATUS: The meeting will be open to public participation with four 15-minute time periods set aside for questions or direct verbal comments from the public on agenda items and two 30-minute periods for public statements on any NOAA-related subject. The SAB expects that public statements presented at its meetings will not be repetitive of previously submitted verbal or written statements. In general, each individual or group making a verbal presentation will be limited to a total time of five (5) minutes. Written comments (at least 35 copies) should be received in the SAB Executive Director's Office by June 18, 2001, in order to provide sufficient time for SAB review. Written comments received by the SAB Executive Director after June 18 will be distributed to the SAB, but many not be reviewed prior to the meeting date. Approximately thirty (30) sets will be available for the public including five (5) seats reserved for the media. Seats will be available on a first-come, first-served basis.

Matters to be Considered: The meeting will include the following topics: (1) Fisheries science in the NOAA line offices and their programs, (2) The role of academia and other partners in fisheries science, (3) Impediments to effective NMFS management and science practices, (4) Briefings on outcomes of NOAA Constituents Workshop, (5) Review of Department of Commerce's Aquaculture Guidelines, (6) Review and discussion of the Report of the Panel on Strategies for Climate Monitoring, (7) Public Input Sessions with SAB discussion, and (8) SAB Sub-Committee and Working Group Reports.

FOR FURTHER INFORMATION CONTACT: Dr. Michael Uhart, Executive Director, Science Advisory Board, NOAA, Rm. 10600, 1315 East-West Highway, Silver Spring, Maryland 20910. (Phone: 301–713–9121, E-mail: Michael.Uhart@noaa.gov); or visit the NOAA SAB website at http://www.sab.noaa.gov.

Dated: June 1, 2001.

Louisa Koch,

Deputy Assistant Administrator, Office of Oceanic and Atmospheric Research.

[FR Doc. 01–14265 Filed 6–5–01; 8:45 am]

BILLING CODE 3510–KD–M

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 053101G]

Marine Mammals; File No. 756–1630

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Receipt of application.

SUMMARY: Notice is hereby given that Dan Tapster, BBC Natural History Unit, Broadcasting House, Whiteladies Road, Bristol, BS8 2LR, United Kingdom, has applied in due form for a permit to take bottlenose dolphins (*Tursiops truncatus*) for purposes of commercial/educational photography.

DATES: Written or telefaxed comments must be received on or before July 6, 2001.

ADDRESSES: The application and related documents are available for review upon written request or by appointment in the following office(s):

Permits and Documentation Division, Office of Protected Resources, NMFS, 1315 East-West Highway, Room 13705, Silver Spring, MD 20910; phone (301) 713–2289; fax (301) 713–0376; and

Southeast Region, NMFS, 9721 Executive Center Drive North, St. Petersburg, FL 33702-2432; phone (727) 570–5301; fax (727) 570–5320.

FOR FURTHER INFORMATION CONTACT: Lynne Barre or Jill Lewandowski, (301) 713–2289.

SUPPLEMENTARY INFORMATION: The subject permit is requested under the authority of the Marine Mammal Protection Act of 1972, as amended (MMPA; 16 U.S.C. 1361 *et seq.*) and the Regulations Governing the Taking and Importing of Marine Mammals (50 CFR part 216). Section 104 (c)(6) of the MMPA provides for photography permits for educational or commercial purposes involving non-endangered and non-threatened marine mammals in the wild. NMFS is currently working on proposed regulations to implement this provision. However, in the meantime, NMFS has received and is processing this request as a ''pilot'' application for