reinstated. Communique A–1807 was a decree suspending pre- and post-export financing, not terminating these programs. Therefore, absent evidence from Acindar and/or the Government of Argentina that pre- and post-export financing programs have been terminated by legislative action, the Department finds that there is a likelihood of continuation or recurrence of countervailable subsidy if the suspended investigation were terminated.

Comment 2: Acindar quotes the Department's *Preliminary Results,* stating ''the rebate system was changed to cover only the reimbursements of indirect local taxes and does not cover import duties, except reimbursement of duties paid on imported products which are re-exported. Additionally, the Department found that the rates of reimbursement were reduced by 33 percent for all products * * *'' According to Acindar, this statement indicates that whatever net countervailable subsidy formerly existed by reason of the reembolso no longer can exist. To reflect this fact, Acindar requests that the Department readjust its final net countervailable subsidy.

The domestic interested parties argue that Acindar and the Government of Argentina have presented no evidence that the reembolso program has been terminated. They further argue that the Department found, in an administrative review of oil country tubular goods, that the legal structure of the reembolso program had been altered. However, they claim the Government of Argentina has not terminated the program. Domestic interested parties also contend that, according to the SAA at 888, even partial termination of a subsidy program is probative of a recurrence of countervailable subsidies. According to the domestic interested parties, because the reembolso program continues to exist, the Department should find that there is a likelihood of continuation or recurrence of a countervailable subsidy.

Department Position: The Department agrees with the domestic interested parties. Acindar and the Government of Argentina have presented no evidence to indicate that the reembolso program has been terminated. In fact, the reembolso program continues to exist, but, as noted in the final results of the 1991 administrative review of the countervailing duty order on oil country tubular goods from Argentina, has been modified to cover only reimbursements of indirect local taxes, and no longer covers import duties, except reimbursement of duties paid on imported products which are re-exported.[2] This modification of the reembolso program is in no way tantamount to a termination and does not preclude additional modifications to the program. Because Acindar and/or the Government of Argentina have submitted no evidence that this program has been terminated and that its reinstatement is not likely, the Department finds that there is a likelihood of continuation or recurrence of countervailable subsidy if the suspended investigation were terminated.

Comment 3: Acindar argues that the Department's distinction between countervailing duty orders and suspension agreements, with respect to *Ceramica,*[3] is weak. Acindar argues that the only incentive to enter into a suspension agreement is the threat of countervailing duties. Since the threat of such duties absent an injury determination disappeared when Argentina achieved ''country under the agreement'' status, the suspension agreement should likewise lapse.

The domestic interested parties argue that *Ceramica* did not address the issue of suspension agreements or their administrability by the Department. According to the domestic interested parties, *Ceramica* addressed only the Department's authority to assess countervailing duties on imports that did not receive an injury test. The Department is not assessing countervailing duties, but rather administering a negotiated agreement between the governments of Argentina and the United States. Therefore, according to the domestic interested parties, the findings in *Ceramica* are irrelevant to this sunset review.

Department Position: The Department agrees with the domestic interested parties. As discussed in the Department's *Preliminary Results, Ceramica* addresses the Department's authority to assess countervailing duties on imports where the Commission made no injury determination with respect to those imports. Accordingly, the findings in *Ceramica* do not inform this sunset analysis. The Department is not assessing countervailing duties with respect to subject merchandise. In fact, the Department terminated the suspension of liquidation as a result of the conclusion of this agreement.

[2] *See Oil Country Tubular Goods from Argentina; Final Results of Countervailing Duty Administrative Review*, 62 FR 55589 (October 27, 1997) (affirming the preliminary determination).

[3] *See Ceramica Regiomontana* v. *United States*, 64 F.3d 1579 (Fed. Cir. 1995) (''*Ceramica*'').

Final Results of Review

As a result of this review, the Department finds that termination of the suspended countervailing duty investigation would be likely to lead to continuation or recurrence of a countervailable subsidy for the reasons set forth in the preliminary results of our review. Furthermore, for the reasons set forth in our preliminary results of review and, as discussed above, we find that the net countervailing duty rate of 5.36 percent *ad valorem* is the rate likely to prevail if the suspended investigation were terminated. Finally, we continue to find that the reembolso, pre-export financing, and post-export financing programs, because receipt of benefits is contingent upon export, fall within the definition of an export subsidy under Article 3.1(a) of the Subsidies Agreement.

This notice serves as the only reminder to parties subject to administrative protective order (''APO'') of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This five-year (''sunset'') review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: September 27, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 99–25625 Filed 9–30–99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–351–831]

Preliminary Affirmative Countervailing Duty Determination and Alignment with Final Antidumping Duty Determination: Certain Cold Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil

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

EFFECTIVE DATE: October 1, 1999.

FOR FURTHER INFORMATION CONTACT: Javier Barrientos or Dana Mermelstein, Office of CVD/AD Enforcement VII, Import Administration, U.S. Department of Commerce, Room 7866, 14th Street

and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–1394 and (202) 482–3208 respectively.

PRELIMINARY DETERMINATION: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies have been provided to producers and/or exporters of certain cold-rolled flat-rolled carbon-quality steel products from Brazil. For information on the estimated countervailing duty rates, please see the ''Suspension of Liquidation'' section of this notice.

SUPPLEMENTARY INFORMATION:

Petitioners

The petition in this investigation was filed by Bethlehem Steel Corporation, Gulf States Steel Inc., Ispat Inland, Inc., LTV Steel Company, Inc., National Steel Corporation, Steel Dynamics Inc., U.S. Steel Group (a unit of USX Corporation), Weirton Steel Corporation, the Independent Steelworkers of America and the United Steelworkers of America (collectively, ''the petitioners'').

Case History

Since the publication of the notice of initiation in the **Federal Register** (*see* Notice of Initiation of Countervailing Duty Investigations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil, Indonesia, Thailand, and Venezuela, 64 FR 34204 (June 25, 1999) (*Initiation Notice*)), the following events have occurred. On June 25, 1999, we issued countervailing duty questionnaires to the Government of Brazil (GOB) and the producers/exporters of the subject merchandise (cold-rolled flat-rolled carbon-quality steel products, or ''cold-rolled steel''). On August 3, 1999, we received responses to our initial questionnaires from the GOB and the producers/exporters of the subject merchandise: Companhia Siderugica Nacional (CSN), Usinas Siderugicas de Minas Gerais (USIMINAS) and Companhia Siderurgica Paulista (COSIPA). Acesita-Cia Acos Especiais Itabira entered an appearance on July 16, 1999, stating that it had not exported subject merchandise to the United States during the POI. On August 24, 1999, we issued a supplemental questionnaire to the GOB and received the response on September 13, 1999. We issued a second supplemental questionnaire on September 20, 1999, and received the response on September 23, 1999.

Scope of Investigation

For purposes of this investigation, the products covered are certain cold-rolled (cold-reduced) carbon steel flat products, neither clad, plated, nor coated with metal, but whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances, both in coils, 0.5 inch wide or wider, (whether or not in successively superimposed layers and/or otherwise coiled, such as spirally oscillated coils), and also in straight lengths, which, if less than 4.75 mm in thickness having a width that is 0.5 inch or greater and that measures at least 10 times the thickness; or, if of a thickness of 4.75 mm or more, having a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular or other shape and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been ''worked after rolling'')—for example, products which have been beveled or rounded at the edges.

Specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free (IF)) steels, high strength low alloy (HSLA) steels, and motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedules of the United States (HTSUS), are products in which (1) iron predominates, by weight, over each of the other contained elements, (2) the carbon content is 2 percent or less, by weight, and (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
2.25 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium (also called columbium), or
0.15 percent of vanadium, or
0.15 percent of zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this investigation:

- SAE grades (formerly also called AISI grades) 2300 and higher;
- Ball bearing steels, as defined in the HTSUS;
- Tool steels, as defined in the HTSUS;
- Silico-manganese steel, as defined in the HTSUS;
- Grain-oriented silicon electrical steel;
- Non-grain-oriented silicon electrical steel with a silicon level exceeding 2.25 percent;
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507).

The merchandise subject to this investigation is typically classified in the HTSUS at subheadings: 7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0090, 7209.17.0030, 7209.17.0060, 7209.17.0090, 7209.18.1530, 7209.18.1560, 7209.18.2510, 7209.18.2550, 7209.18.6000. 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6075, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7225.19.0000, 7225.50.6000, 7225.50.7000, 7225.50.8010, 7225.50.8015, 7225.50.8085, 7225.99.0090, 7226.19.1000, 7226.19.9000, 7226.92.5000, 7226.92.7050, 7226.92.8050, and 7226.99.0000.

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

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are to the

regulations codified at 19 C.F.R. Part 351 (1998) and to the substantive countervailing duty regulations published in the **Federal Register** on November 25, 1998 (63 FR 65348) (CVD Regulations).

Injury Test

Because Brazil is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the ITC is required to determine whether imports of the subject merchandise from Brazil materially injure, or threaten material injury to, a U.S. industry. On July 30, 1999, the ITC published its preliminary determination that there is a reasonable indication that an industry in the United States is being materially injured, or threatened with material injury, by reason of imports from Brazil of the subject merchandise (64 FR 41458). The Commission transmitted its determination in this investigation to the Secretary of Commerce on July 19, 1999. The views of the Commission are contained in USITC Publication 3214 (July 1999), entitled Certain Cold-Rolled Steel Products from Argentina, Brazil, China, Indonesia, Japan, Russia, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela: Investigations Nos. 701–TA–393–396 and 731–TA–829–840 (Preliminary).

Alignment With Final Antidumping Duty Determination

On September 16, 1999, 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 Initiation of Antidumping Duty Investigations: Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products From Argentina, Brazil, the People's Republic of China, Indonesia, Japan, the Russian Federation, Slovakia, South Africa, Taiwan, Thailand, Turkey, and Venezuela,* 64 FR 34194 (June 22, 1999). In accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determinations in the antidumping investigations of certain cold-rolled flat-rolled carbon-quality steel products.

Period of Investigation

The period of investigation for which we are measuring subsidies (the POI) is calendar year 1998.

Company Histories

USIMINAS was founded in 1956 as a venture between the Brazilian Government, various stockholders and Nippon Usiminas. In 1974, the majority interest in USIMINAS was transferred to SIDERBRAS, the government holding company for steel interests. The company underwent several expansions of capacity throughout the 1980s. In 1990, SIDERBRAS was put into liquidation and the GOB decided to include its operating companies, including USIMINAS, in its National Privatization Program (NPP). In 1991, USIMINAS was partially privatized; as a result of the initial auction, Companhia do Vale do Rio Doce (CVRD), a majority government-owned iron ore producer, acquired 15 percent of USIMINAS's common shares. In 1994, the Government disposed of additional holdings, amounting to 16.2 percent of the company's equity. USIMINAS is now owned by CVRD and a consortium of private investors, including Nippon Usiminas, Caixa de Previdencia dos Funcionarios do Banco do Brasil (Previ) and the USIMINAS Employee Investment Club. CVRD was partially privatized in 1997, when 31 percent of the company's shares were sold.

COSIPA was established in 1953 as a government-owned steel production company. In 1974, COSIPA was transferred to SIDERBRAS. Like USIMINAS, COSIPA was included in the NPP after SIDERBRAS was put into liquidation. In 1993, COSIPA was partially privatized, with the GOB retaining a minority of the preferred shares. Control of the company was acquired by a consortium of investors led by USIMINAS. In 1994, additional government-held shares were sold, but the GOB still maintained approximately 25 percent of COSIPA's preferred shares. During the POI, USIMINAS owned 49.8 percent of the voting capital stock of the company. Other principal owners include Bozano Simonsen Asset Management Ltd., the COSIPA Employee Investment Club, and COSIPA's Pension Fund (FEMCO).

CSN was established in 1941 and commenced operations in 1946 as a government-owned steel company. In 1974, CSN was transferred to SIDERBRAS. In 1990, when SIDERBRAS was put into liquidation, the GOB included CSN in its NPP. In 1991, 12 percent of the equity of the company was transferred to the CSN employee pension fund. In 1993, CSN was partially privatized; CVRD, through its subsidiary Vale do Rio Doce Navegacao S.A. (Docenave), acquired 9.4 percent of the common shares. The GOB's remaining share of the firm was sold in 1994. CSN is now owned by Docenave/CVRD and a consortium of private investors, including Uniao Comercio e Partipacoes Ltda., Textilia S.A., Previ, the CSN Employee Investment Club, and the CSN employee pension fund. As discussed above, CVRD was partially privatized in 1997; CSN was part of the consortium that acquired control of CVRD through this partial privatization.

Attribution of Subsidies

The GOB has identified three producers/exporters of the subject merchandise in this investigation: USIMINAS, COSIPA, and CSN. As discussed above, USIMINAS owns 49.8 percent of COSIPA. The CVD Regulations, at section 351.525(b)(6)(ii) provide guidance with respect to the attribution of subsidies between or among companies which have cross-ownership. Specifically, with respect to two or more corporations producing the subject merchandise which have cross-ownership, the regulations direct us to attribute the subsidies received by either or both corporations to the products produced by both corporations. Further, section 351.525(b)(6)(vi) defines cross-ownership as existing ''between two or more corporations where one corporation can use or direct the individual assets of the other corporation(s) in essentially the same ways it can use its own assets. Normally, this standard will be met where there is a majority voting ownership interest between two corporations through common ownership of two (or more) corporations.'' The preamble to the CVD Regulations identifies situations where cross-ownership may exist even though there is less than a majority voting interest between two corporations: ''in certain circumstances, a large minority interest (for example, 40 percent) or a ''golden share'' may also result in cross-ownership'' (63 FR at 65401).

In this investigation, we have preliminarily determined that USIMINAS's 49.8 percent ownership interest in COSIPA is sufficient to establish cross-ownership between the two companies because USIMINAS is capable of using or directing the individual assets of COSIPA in essentially the same ways it can use its own assets. We base this determination on the following facts: (1) USIMINAS has virtually a majority share in COSIPA; and (2) the remaining shareholdings are divided among numerous shareholders (more than ten), with no one shareholder controlling even one-quarter of the shares which USIMINAS controls. Thus, for purposes of this preliminary determination, we have calculated one subsidy rate for USIMINAS/COSIPA, by adding together their countervailable subsidies during

the POI and dividing that amount by the sum of the two companies' sales during the POI.

We have also examined the ownership of CSN. We note that during the POI, two entities, CVRD and Previ (the pension fund of the Bank of Brasil), had meaningful holdings in both USIMINAS and CSN. As these entities both have ownership interests in and elect members to the Boards of Directors of both companies, we examined whether CSN and USIMINAS could, notwithstanding the absence of direct cross-ownership between them, have cross-ownership such that their interests are merged, and one company could have the ability to use or direct the assets of the other through their common investors. CVRD holds 15.48 percent of USIMINAS and 10.3 percent of CSN (through Docenave); Previ holds 15 percent of the common shares of USIMINAS and 13 percent of CSN. Both USIMINAS and CSN are controlled through shareholders' agreements, which require the participating shareholders (who account for more than 50 percent of the shares of the company) pre-vote issues before the Board of Directors and vote as a block. While CVRD and Previ both participate in the CSN shareholders' agreement, and thus exercise considerable influence over the use of CSN's assets, neither CVRD or Previ participates in the USIMINAS shareholders' agreement and neither CVRD or Previ has any appreciable influence (beyond their respective 15.48 and 15 percent USIMINAS shareholdings) over the use of USIMINAS's assets. Therefore, CVRD's and Previ's shareholdings in both USIMINAS and CSN are not sufficient to establish cross-ownership between those two companies under our regulatory standard. This lack of common majority shareholders leads us to preliminarily determine that USIMINAS's and CSN's interests have not merged, *i.e.*, one company is not able to use or direct the individual assets of the other as though the assets were their own. Thus, for the purposes of this preliminary determination, we have calculated a separate countervailing duty rate for CSN.

Changes in Ownership

In the *General Issues Appendix* (*GIA*), attached to the *Final Affirmative Countervailing Duty Determination; Certain Steel Products from Austria*, 58 FR 37217, 37226 (July 9, 1993), we applied a new methodology with respect to the treatment of subsidies received prior to the sale of the company (privatization).

Under this methodology, we estimate the portion of the company's purchase price which is attributable to prior subsidies. We compute this by first dividing the face value of the company's subsidies by the company's net worth for each of the years corresponding to the company's allocation period, ending one year prior to the privatization. We then take the simple average of these ratios, which serves as a reasonable surrogate for the percentage that subsidies constitute of the overall value, *i.e.*, net worth, of the company. Next, we multiply the purchase price of the company by this average ratio to derive the portion of the purchase price that we estimate to reflect the repayment of prior subsidies. Then, we reduce the benefit streams of the prior subsidies by the ratio of the repayment/reallocation amount to the net present value of all remaining benefits at the time of the change in ownership.

In the current investigation, we are analyzing the privatizations of USIMINAS, COSIPA and CSN, including the various partial privatizations. In conducting these analyses, to the extent that partially government-owned companies purchased shares, we have not applied our methodology to a percentage of the acquired shares equal to the percentage of government ownership in the partially government-owned purchaser. We have adjusted certain figures included in the privatization calculations to account for inflationary accounting practices. Further, we have made additional adjustments to USIMINAS and CSN's calculations to account for CVRD's 1997 partial privatization. *See Brazil Hot-Rolled Final* at 38745, 38752 (Department's Position on Comment 3).

In the *Brazil Hot-Rolled Final,* we noted the use of privatization currencies, *i.e.*, certain existing government bonds, privatization certificates and frozen currencies, and examined them in the context of our privatization methodology. We obtained information about the use and valuation of the privatization currencies that were used in the NPP, and we learned about how privatization currencies were valued in the context of the privatization auctions. Specifically, we found that the GOB accepted most of these currencies at their full redeemable value (face value discounted according to the time remaining until maturity). Additionally, foreign debt and restructuring bonds (MYDFAs) were accepted at 75 percent of their redeemable value. Many of the government bonds that were accepted as privatization currencies were trading at a discount on secondary markets. However, no data or estimation of what discounts applied was provided for the record. *See Brazil Hot-Rolled Final* at 38745. Further, it was common knowledge that these bonds traded at a discount in these markets, and that investors actively traded to obtain the cheapest bonds in order to maximize their positions in the privatization auctions. The value of the bonds varied depending on the instrument's yield and length to maturity and traded within a range of 40 percent to 90 percent of the redeemable value, *i.e.*, with a discount ranging from 10 percent to 60 percent. Because various issues of bonds were accepted as privatization currencies, with different yields and terms, precise valuation data was not available. However, public information from the record of the hot-rolled investigation subsequently placed on the record of this investigation, indicates that during the period of 1991–1994 most bonds traded with discounts ranging from 40 to 60 percent on average. Privatization Certificates (CPs), which banks were forced to purchase and could only be used in the privatization auctions, traded at a discount of approximately 60 percent on average. *See Brazil Hot-Rolled Final,* 64 FR at 38745.

In the hot-rolled investigation, we concluded that some adjustment to the purchase price of the companies is warranted because of the use of privatization currencies in the auctions. *See Brazil Hot-Rolled Final,* at 38745, 38752 (the Department's Position on Comment 3). No further information has been provided in the record of this investigation which would enable us to refine or otherwise cause us to change the approach we developed in the hot-rolled investigation. Thus, we have followed the same approach and have applied a 30 percent discount to the MYDFAs. In addition, as we did in the hot-rolled investigation, we have applied a 60 percent discount to the CPs. *See Id.* For the remaining privatization currencies, in the *Brazil Hot-Rolled Final,* we applied a 50 percent discount as facts available, which reflected an average of the range of discounts estimated. Because no information has been provided to date in this investigation which accurately indicates the relevant secondary market discounts for these instruments, and in accordance with section 776(a) of the Act, we are again applying, as facts available, the 50 percent discount to the remaining privatization currencies.

Subsidies Valuation Information:

Allocation Period

Section 351.524(d)(2) of the CVD Regulations states that we will presume the allocation period for non-recurring subsidies to be the average useful life (AUL) of renewable physical assets for the industry concerned, as listed in the Internal Revenue Service's (IRS) 1977 Class Life Asset Depreciation Range System and updated by the Department of Treasury. The presumption will apply unless a party claims and establishes that these tables do not reasonably reflect the AUL of the renewable physical assets for the company or industry under investigation, and the party can establish that the difference between the company-specific or country-wide AUL for the industry under investigation is significant.

No company requested or submitted information which yielded a company-specific AUL significantly different from the AUL listed in the IRS tables. Therefore, we are using the 15 year AUL as reported in the IRS tables to allocate non-recurring subsidies under investigation in the preliminary calculations.

Equityworthiness

In measuring the benefit from a government equity infusion, in accordance with section 351.507 (a)(1) of the Department's CVD Regulations, a government-provided equity infusion confers a benefit to the extent that the investment decision is inconsistent with the usual investment practice of private investors, including the practice regarding the provision of risk capital, in the country in which the equity infusion is made. *See also* section 771(5)(E)(i) of the Act. Our review of the record in this investigation has not led us to change our finding from prior investigations. Specifically, we determined an unequityworthy status: (1) for COSIPA, 1977 through 1989, and 1992 through 1993; (2) for USIMINAS, 1980 through 1988; and (3) for CSN, 1977 through 1992. *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Brazil,* 58 FR 37295, 37297 (July 9, 1993) (*1993 Certain Steel Final); Brazil Hot-Rolled Final,* 64 FR at 38746. We note that because the Department determined that it is appropriate to use a 15-year allocation period for non-recurring subsidies, equity infusions provided in the years 1977 through 1983 no longer provide a benefit in the POI. No new information has been submitted in this investigation that would cause us to reconsider these determinations.

Section 351.507(a)(3) of the Department's CVD Regulations provides that a determination that a firm is unequityworthy constitutes a determination that the equity infusion was inconsistent with usual investment practices of private investors. The Department will then apply the methodology described in section 351.507(a)(6) of the regulations, and treat the equity infusion as a grant. Use of the grant methodology for equity infusions into an unequityworthy company is based on the premise that an unequityworthiness finding by the Department is tantamount to saying that the company could not have attracted investment capital from a reasonable investor in the infusion year based on the available information.

Creditworthiness

To determine whether a company is uncreditworthy, the Department must examine whether the firm could have obtained long-term loans from conventional commercial sources based on information available at the time of the government-provided loan. *See* section 351.505 (a)(4) of the CVD Regulations. In this context, the term ''commercial sources'' refers to bank loans and non-speculative grade bond issues. *See* section 351.505 (a)(2)(ii) of the CVD Regulations.

The Department has previously determined that respondents were uncreditworthy in the following years: USIMINAS, 1983–1988; COSIPA, 1983–1989 and 1991–1993; and CSN 1983–1992. *See Certain Steel from Brazil,* 58 FR at 37297; *Brazil Hot-Rolled Final,* 64 FR at 38746–38747. No new information has been presented in this investigation that would lead us to reconsider these findings.

Discount Rates

From 1984 through 1994, Brazil experienced persistent high inflation. There were no long-term fixed-rate commercial loans made in domestic currencies during those years that could be used as discount rates. As in the *Certain Steel Final* (58 FR at 37298) and the *Brazil Hot-Rolled Final* (64 FR 38745–38746), we have determined that the most reasonable way to account for the high inflation in the Brazilian economy through 1994, and the lack of an appropriate Brazilian discount rate, is to convert the non-recurring subsidies into U.S. dollars. If available, we applied the exchange rate applicable on the day the subsidies were granted, or, if unavailable, the average exchange rate in the month the subsidies were granted. Then we applied, as the discount rate, a long-term dollar lending rate. Therefore, for our discount rate, we used data for U.S. dollar lending in Brazil for long-term non-guaranteed loans from private lenders, as published in the World Bank Debt Tables: External Finance for Developing Countries. This conforms with our practice in *Certain Steel Final* (58 FR at 37298); *Brazil Hot-Rolled Final* (64 FR at 38746) and *Final Affirmative Countervailing Duty Determination: Steel Wire Rod from Venezuela* (62 FR 55014, 55019, 55023) (October 21, 1997).

Because we have determined that USIMINAS, COSIPA, and CSN were uncreditworthy in the years in which they received equity infusions, section 351.505 (a)(3)(iii) of the CVD Regulations directs us regarding the calculation of a discount rate for purposes of calculating the benefits for uncreditworthy companies.

To calculate the discount rate for uncreditworthy companies, the Department must identify values for the probability of default by uncreditworthy and creditworthy companies. For the probability of default by an uncreditworthy company, we normally rely on the average cumulative default rates 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).[1] For the probability of default by a creditworthy company, we used the cumulative default rates for Investment Grade bonds as reported by Moody's. We established that this figure represents a weighted average of the cumulative default rates for Aaa to Baa-rated companies. *See* September 24, 1999, Memorandum to the File, ''Conversations and correspondence regarding the weighted average default rates of corporate bond issuers as published by Moody's,'' on file in the CRU. The use of the weighted average is appropriate because the data reported by Moody's for the Caa to C-rated companies is also a weighted average. *See Id.* For non-recurring subsidies, we used the average cumulative default rates for both uncreditworthy and creditworthy companies based on a 15-year term, since all of the non-recurring subsidies examined were allocated over a 15-year period.

[1] We note that since publication of the CVD Regulations, Moody's Investors Service no longer reports default rates for 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 dated February 1998 (at Exhibit 28).

I. Programs Preliminarily Determined To Be Countervailable

A. Pre-1992 Equity Infusions

As discussed above, the GOB, through SIDERBRAS, provided equity infusions to USIMINAS (1983 through 1988), COSIPA (1983 through 1989 and 1991) and CSN (1983 through 1991) that have previously been investigated by the Department. *See Certain Steel from Brazil,* 58 FR at 37298; *Brazil Hot-Rolled Final,* 64 FR at 38747–38748.

We preliminarily determine that under section 771(5)(E)(i) of the Act, the equity infusions into USIMINAS, COSIPA and CSN were not consistent with the usual investment practices of private investors. Thus, these infusions constitute financial contributions within the meaning of section 771(5)(D) of the Act and confer a benefit in the amount of each infusion (*see* ''Equityworthiness'' section above). These equity infusions are specific within the meaning of section 771(5A)(D) of the Act because they were limited to each of the companies. Accordingly, we find that the pre-1992 equity infusions are countervailable subsidies within the meaning of section 771(5) of the Act.

As explained in the ''Equity Methodology'' section above, we have treated equity infusions into unequityworthy companies as grants given in the year the infusion was received. These infusions are non-recurring subsidies in accordance with section 351.524(c)(1) of the CVD Regulations. Consistent with section 351.524(d)(3)(ii) of the CVD Regulations, because USIMINAS, COSIPA and CSN were uncreditworthy in the relevant years (the years the equity infusions were received), we applied a discount rate that takes into account the differences between the probabilities of default of creditworthy and uncreditworthy borrowers. From the time USIMINAS, COSIPA and CSN were privatized, we have been following the methodology outlined in the ''Change in Ownership'' section above to determine the amount of each equity infusion attributable to the companies after privatization. We still continue to rely on this methodology except for the selection of the discount rate as discussed above.

For CSN, we summed the benefits allocable to the POI from all equity infusions and divided by CSN's total sales during the POI. For USIMINAS/COSIPA, we summed the benefits allocable to the POI from all of the equity infusions and divided this amount by the combined total sales of USIMINAS/COSIPA during the POI. On this basis, we preliminarily determine the net subsidy to be 5.37 percent ad valorem for CSN and 5.99 percent ad valorem for USIMINAS/COSIPA.

B. GOB Debt-for-Equity Swaps Provided to COSIPA in 1992 and 1993

Prior to COSIPA's privatization, and in accordance with the recommendations of one of the consultants who examined COSIPA, the GOB made two debt-for-equity swaps in 1992 and 1993. We previously examined these swaps and determined that they were not consistent with the usual investment practices of private investors, constituted a financial contribution within the meaning of section 771(5)(D) of the Act, and therefore conferred countervailable benefits on COSIPA in the amount of each conversion. *See Brazil Hot-Rolled Final,* 64 FR at 38747. No information has been provided in this investigation which would warrant the reconsideration of this finding. Thus, we preliminarily determine that pursuant to section 771(5)(E)(i) of the Act, these debt-for-equity swaps confer a benefit in the amount of each swap (*see* ''Equityworthiness'' section above). These debt-for-equity swaps are specific within the meaning of section 771(5A)(D) of the Act because they were limited to COSIPA. Accordingly, we find that the GOB debt-for-equity swaps provided to COSIPA in 1992 and 1993 are countervailable subsidies within the meaning of section 771(5) of the Act.

Each debt-to-equity swap constitutes an equity infusion in the year in which the swap was made. As such, we have treated each debt-for-equity swap as a grant given in the year the swap was made in accordance with section 351.507(a)(6) of the CVD Regulations. Further these swaps, as equity infusions, are non-recurring in accordance with section 351.524(c)(1) of the CVD Regulations. Because COSIPA was uncreditworthy in the years of receipt, we applied a discount rate consistent with section 351.524(d)(3)(ii) of the CVD Regulations as discussed in the ''Uncreditworthy Rate'' section above. Since COSIPA has been privatized, we followed the methodology outlined in the ''Change in Ownership'' section above to determine the amount of each debt-for-equity swap attributable to the company after privatization. We divided the benefit allocable to the POI from these debt-for-equity swaps by the combined total sales of USIMINAS/COSIPA. On this basis, we preliminarily determine the net subsidy to be 5.89 percent ad valorem for USIMINAS/COSIPA.

C. GOB Debt-to-Equity Swap Provided to CSN in 1992

Prior to CSN's privatization, and in accordance with the recommendations of one of the consultants who examined CSN, in 1992, the GOB converted some of CSN debt into GOB equity in CSN. In this investigation, we initiated on this debt-for-equity swap as a straight equity infusion (*see Initiation Notice* 64 FR 34204), but subsequent to our initiation, in the *Brazil Hot-Rolled Final,* we determined that this constituted a debt-for-equity swap (64 FR at 38748). In the *Brazil Hot-Rolled Final,* we determined that this swap was not consistent with the usual investment practices of private investors and therefore conferred countervailable benefits on CSN in the amount of the swap. *See Id.* No information has been provided in this investigation which would warrant reconsideration of that finding. Thus, we preliminarily determine that pursuant to section 771(5)(E)(i) of the Act, this debt-to-equity swap constitutes a financial contribution which confers a benefit in the amount of the swap (*see* ''Equityworthiness'' section above). This debt-for-equity swap is specific within the meaning of section 771(5A)(D) of the Act because it is limited to CSN. Accordingly, we find that the GOB debt-for-equity swaps provided to CSN in 1992 is a countervailable subsidy within the meaning of section 771(5) of the Act.

This debt-to-equity swap constitutes an equity infusion in the year in which the swap was made. As such, we have treated this debt-for-equity swap as a grant given in the year the swap was made in accordance with section 351.507(a)(6) of the CVD Regulations. Further these swaps, as equity infusions, are non-recurring in accordance with section 351.524(c)(1) of the CVD Regulations. Because CSN was uncreditworthy in the years of receipt, we applied a discount rate consistent with section 351.524(d)(3)(ii) of the CVD Regulations as discussed in the ''Uncreditworthy Rate'' section above. Since CSN has been privatized, we followed the methodology outlined in the ''Change in Ownership'' section above to determine the amount of the debt-for-equity swap attributable to the company after privatization. We divided the benefit allocable to the POI from the equity infusion by CSN's total sales during the POI. On this basis, we preliminarily determine the net subsidy to be 1.30 percent *ad valorem* for CSN.

II. Program for Which the Investigation is Being Rescinded

Negotiated Deferrals of Tax Liabilities

Prior to COSIPA's privatization, and on the recommendation of one of the consultants who examined COSIPA, COSIPA negotiated with the various tax authorities in order to arrange to pay its large tax arrears in deferred installments. COSIPA was able to arrange for installment payments for ten different types of taxes owed. CSN also arranged for installment payments for one tax liability.

Petitioners alleged that these negotiated tax deferrals provided countervailable subsidies to COSIPA and CSN. The Department initiated on these deferrals, acknowledging the then-preliminary determination in the hot-rolled investigation that these deferrals were not countervailable. *See Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil* 64 FR 8313, 8321 (February 19, 1999) (*Brazil Hot-Rolled Prelim*). The Department has since made a final determination that this program is not specific and therefore does not provide countervailable subsidies. *See Brazil Hot-Rolled Final*, 64 FR at 38748–38749. No information has been placed on the record of this investigation which would warrant the reconsideration of this finding. Thus, we are rescinding our investigation of this program. *See* Memorandum to the File, Countervailing Duty Investigation of Certain Cold-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil, August 2, 1999, on file in the Import Administration Central Records Unit (CRU), Room B–099 of the Department of Commerce.

Verification

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

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated a combined *ad valorem* rate for USIMINAS and COSIPA and an individual rate for CSN. The total estimated net countervailable subsidy rates are stated below.

Company	Net subsidy rate
USIMINAS/COSIPA ..	11.88 % *ad valorem.*
CSN	6.67 % *ad valorem.*
All Others	9.76 % *ad valorem.*

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of certain cold-rolled flat-rolled carbon-quality steel products from Brazil, 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 listed above. This suspension of liquidation will remain in effect until further notice.

ITC Notification

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

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

Public Comment

In accordance with 19 CFR 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 the preliminary determination at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Requests for a public hearing should contain: (1) the party's name, address, and telephone number; (2) the number of participants; and, (3) to the extent practicable, an identification of the arguments to be raised at the hearing. In addition, six copies of the business proprietary version and six copies of the non-proprietary version of the case briefs must be submitted to the Assistant Secretary no later than 50 days from the date of publication of the preliminary determination. 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 non-proprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 5 days from the date of filing of the case briefs. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal briefs. Written arguments should be submitted in accordance with 19 C.F.R. 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: September 27, 1999.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

1999 Trade Missions Application Opportunity

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce invites U.S. companies to participate in the following overseas trade missions that they also explain at the following website: http://www.ita.doc.gov/doctm. For a comprehensive description of the trade mission, obtain a copy of the mission statement from the project officer listed below. The recruitment and selection of private sector participants will be conducted according to the Statement of Policy Governing Department of Commerce Overseas Trade Missions announced by Secretary Daly on March 3, 1997. Assistant Secretarial Business Development Mission to Mercosur Chile, Uruguay and Argentina, November 8–13, 1999.