countervailing duties cannot be reassessed for that period.

DOC Position: We agree with respondents.

Final Results of Review

For the period December 6, 1991 through December 31, 1992, we determine the net subsidy to be 9.86 percent ad valorem for Norsk Hydro Canada Inc. and all other companies except Timminco Limited, which has been excluded from these orders. This rate corrects the rate of 9.87 found in the *Preliminary Results* which arose from a rounding error.

The Department will instruct the U.S. Customs Service to assess the following countervailing duties on entries during the periods December 6, 1991 to April 3, 1992 and September 1, 1992 to December 31, 1992:

Manufacturer/exporter	Rate (percent)
Norsk Hydro Canada Inc. and All Other Companies Except Timminco Limited (which is excluded from these orders)	9.86

The Department will also instruct the U.S. Customs Service to collect a cash deposit of estimated countervailing duties of 9.86 percent of the f.o.b. invoice price on all shipments of the subject merchandise from Norsk Hydro Canada Inc. and all other companies except Timminco Limited (which was excluded from the order during the original investigation), entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of these reviews.

This notice serves as a 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 355.34(d). Timely written 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 administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 355.22.

Dated: March 12, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–7358 Filed 3–21–97; 8:45 am]

BILLING CODE 3510–DS–P

[C–122–815]

Pure Magnesium and Alloy Magnesium From Canada; Preliminary Results of Countervailing Duty Administrative Reviews

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

ACTION: Notice of preliminary results of countervailing duty administrative reviews.

SUMMARY: The Department of Commerce (the Department) is conducting administrative reviews of the countervailing duty orders on pure and alloy magnesium from Canada for the period January 1, 1993 through December 31, 1993. We have completed these reviews and preliminarily determine the net subsidy to be 7.13 percent *ad valorem* for subject merchandise for Norsk Hydro Canada, Inc. (NHCI) and all other producers/exporters from Canada except exports from Timminco Limited, which company has been excluded from these orders. If the final results of these reviews remain the same as these preliminary results, the Department will instruct the U.S. Customs Service to assess countervailing duties as indicated above.

EFFECTIVE DATE: March 24, 1997.

FOR FURTHER INFORMATION CONTACT: Sally Hastings or Cynthia Thirumalai, AD/CVD Enforcement, Group 1, Office 1, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–3464 or 482–4087, respectively.

Background

On August 31, 1992, the Department published in the **Federal Register** (57 FR 39392) the countervailing duty orders on pure and alloy magnesium from Canada. The Department published a notice of ''Opportunity to Request an Administrative Review'' (59 FR 39543) of the countervailing duty orders on August 3, 1994. We received timely requests for review from petitioner, Magnesium Corporation of America (Magcorp) and respondent, NHCI. The Department initiated the administrative reviews, for the period January 1, 1993 through December 31, 1993, on September 16, 1994 (59 FR 47609).

The Department issued a questionnaire to the Government of Canada (GOC) on September 7, 1994. On October 24, 1994, we received questionnaire responses from NHCI, the GOC and the Government of Québec (GOQ). The Department issued supplemental questionnaires to the GOQ on October 11, 1996 and NHCI on November 5, 1996. We received supplemental responses from the GOQ on October 28, 1996 and NHCI on November 18, 1996.

On October 18, 1994, petitioner requested that the Department re-examine whether the amended electric power contract between NHCI and Hydro Québec is countervailable. On April 28, 1995, the Department declined to reinvestigate the amended electric power contract.

Applicable Statute and Regulations

The Department is conducting these administrative reviews in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). Unless otherwise indicated, all citations to the statute and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994. However, references to the Department's *Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comments,* 54 FR 23366 (May 31, 1989) (*Proposed Regulations*), are provided solely for further explanation of the Department's countervailing duty practice. Although the Department has withdrawn the particular rulemaking proceeding pursuant to which the *Proposed Regulations* were issued, the subject matter of these regulations is being considered in connection with an ongoing rulemaking proceeding which, among other things, is intended to conform the Department's regulations to the Uruguay Round Agreements Act. See 60 FR 80 (January 3, 1995).

Scope of the Reviews

The products covered by these orders are pure and alloy magnesium from Canada. Pure magnesium contains at least 99.8 percent magnesium by weight and is sold in various slab and ingot forms and sizes. Magnesium alloys contain less than 99.8 percent magnesium by weight, with magnesium being the largest metallic element in the alloy by weight, and are sold in various ingot and billet forms and sizes. Secondary and granular magnesium are not included. Pure and alloy magnesium are currently provided for in subheadings 8104.11.0000 and 8104.19.0000, respectively, of the Harmonized Tariff Schedule (HTS). Although the HTS subheadings are provided for convenience and Customs purposes, our written descriptions of the scopes of these proceedings are dispositive.

Period of Review

The period of review (POR) is January 1, 1993 through December 31, 1993. The reviews cover one producer/exporter of subject merchandise, NHCI, and the following programs: Exemption from Payment of Water Bills, Article 7 Grants from the Québec Industrial Development Corporation (SDI), St. Lawrence River Environmental Technology Development Program, Program for Export Market Development, Export Development Corporation, Canada-Québec Subsidiary Agreement on the Economic Development of the Regions of Québec, Opportunities to Stimulate Technology Programs, Development Assistance Program, Industrial Feasibility Study Assistance Program, Export Promotion Assistance Program, Creation of Scientific Jobs in Industries, Business Investment Assistance Program, Business Financing Program, Research and Innovation Activities Program, Export Assistance Program, Energy Technologies Development Program, Financial Assistance Program for Research, Formation and for the Improvement of the Recycling Industry, and Transportation Research and Development Assistance Program.

Analysis of Programs

I. Programs Conferring Subsidies

A. Exemption From Payment of Water Bills

Pursuant to a December 15, 1988 agreement between NHCI and La Société du Parc Industriel et Portuaire de Bécancour (Industrial Park), NHCI is exempt from payment of its water bills. Except for the taxes associated with its bills, NHCI does not pay the invoiced amounts of its water bills.

In the *Final Affirmative Countervailing Duty Determinations: Pure Magnesium and Alloy Magnesium from Canada (Magnesium from Canada)*, 57 FR 30946, 30948 (July 13, 1992), the Department determined that the exemption received by NHCI was limited to a specific enterprise or industry, or group of enterprises or industries, because no other company receives such an exemption. In this review, neither the GOQ nor NHCI provided new information which would warrant reconsideration of this determination.

We preliminarily determine the countervailable benefit to be the amount NHCI would have paid absent the exemption. To calculate the benefit under this program, we divided the amount NHCI would have paid for water during the POR by NHCI's total POR sales of Canadian-manufactured products. On this basis, we preliminarily determine that the net subsidy provided by this program is 0.97 percent ad valorem.

B. Article 7 Grants From the Québec Industrial Development Corporation

The Québec Industrial Development Corporation (SDI) administers development programs on behalf of the GOQ. SDI provides assistance under Article 7 of the SDI Act in the form of loans, loan guarantees, grants, assumptions of costs associated with loans, and equity investments. This assistance involves projects capable of having a major impact upon the economy of Québec. Article 7 assistance greater than 2.5 million dollars must be approved by the Council of Ministers, and assistance over 5 million dollars becomes a separate budget item under Article 7. Assistance provided in such amounts must be of ''special economic importance and value to the province.'' (See *Magnesium from Canada*, 57 FR 30946, 30949 (July 13, 1992).)

In 1988, NHCI was awarded a grant under Article 7 to cover a large percentage of the cost of certain environmental protection equipment. In *Magnesium from Canada*, we determined that NHCI received a disproportionately large share of assistance under Article 7. On this basis, we determined that the Article 7 grant was limited to a specific enterprise or industry, or group of enterprises or industries. In these reviews, neither the GOQ nor NHCI provided new information which would warrant reconsideration of this determination.

The issue presented by this case is whether the Article 7 assistance received by NHCI should be treated as an interest rebate or as a grant. If it is treated as an interest rebate, then under the methodology adopted by the Department in the 1993 steel cases, the benefit of the Article 7 assistance would be countervailed according to our loan methodology (*Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Belgium (Belgium Steel)*, 58 FR 37273, 37276 (July 9, 1993)). However, if treated as a grant, the benefits would be allocated over a period corresponding to the life of the company's assets.

In the 1993 steel cases (see, e.g., *Belgium Steel*), we examined a particular type of subsidy, interest rebates, and determined which of our valuation methodologies was most appropriate. The possible choices were between the grant and loan methodologies. Where the company had knowledge prior to taking the loan out that it would receive an interest rebate, we decided that the loan methodology was most appropriate because there is virtually no difference between the government offering a loan at 5 percent interest (which would be countervailed according to the loan methodology) and offering to rebate half of the interest paid on a 10 percent loan from a commercial bank each time the company makes an interest payment. Hence, we were seeking the closest methodological fit for different types of interest rebates.

However, the interest rebate methodology described in the 1993 steel cases was never intended to dictate that the Department should apply the loan methodology in every situation. The appropriate methodology depends on the nature of the subsidy. For example, assume that the government told a company that it would make all interest payments on all construction loans the company took out during the next year up to $6 million. This type of ''interest rebate'' operates essentially like a $6 million grant restricted to a specific purpose. Whether the purpose is to pay interest expenses or buy a piece of equipment does not change the nature of the subsidy. In contrast, the interest rebate methodology is appropriate for the type of interest rebate programs investigated in the 1993 steel cases, i.e., partial interest rebates paid over a period of years on particular long-term loans.

As we did in the 1993 steel cases, the Department in these reviews is seeking the most appropriate methodology for the Article 7 assistance. We erred in our *Preliminary Results of First Countervailing Duty Administrative Reviews: Pure Magnesium and Alloy Magnesium from Canada*, 61 FR 11186 (March 19, 1996), in stating that the primary purpose of the Article 7 assistance was to underwrite the purchase of environmental equipment. However, it cannot be disputed that the environmental equipment played a crucial role in the agreement between SDI and NHCI. Most importantly, the aggregate amount of assistance to be provided was determined by reference to the cost of environmental equipment to be purchased. In this respect, the Article 7 assistance is like a grant for capital equipment.

Further, the assistance provided by SDI is distinguishable from the interest rebates addressed in the 1993 steel cases in that the interest payments in the steel cases rebated a portion of the interest paid on particular long-term loans. Here, although the disbursement of the Article 7 assistance was contingent, inter alia, on NHCI making interest

payments, the disbursements were not tied to the amount borrowed, the number of loans taken out or the interest rates charged on those loans. Instead, the disbursements were tied to NHCI meeting specific investment targets and generally to NHCI having incurred interest costs on borrowing related to the construction of its facility.

Therefore, while we recognize that NHCI had to borrow and pay interest in order to receive individual disbursements of Article 7 assistance, we do not agree that this fact is dispositive of whether the interest rebate methodology used in the 1993 steel cases is appropriate. We believe this program more closely resembles the scenario described above where the government agrees to pay all interest incurred on construction loans taken out by a company over the next year up to a specified amount. Because, in this case, the amount of assistance is calculated by reference to capital equipment purchases (something extraneous to the interest on the loan) and the reimbursements do not relate to particular loans, we determine that the Article 7 assistance should be treated as a grant.

The Department has in past cases classified subsidies according to their characteristics. For example, in the General Issues Appendix (GIA) attached to the *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria,* 58 FR 37217, 37254 (July 9, 1993), we developed a hierarchy for determining whether so-called ''hybrid instruments'' should be countervailed according to our loan, grant or equity methodologies. In short, we were asking whether the details of particular government ''contributions'' made them more like a loan, a grant or an equity infusion. Similarly, when a company receives a grant, we look to the nature of the grant to determine whether the grant should be treated as recurring or non-recurring. In these reviews, we have undertaken the same type of analysis, i.e., determining an appropriate calculation methodology based on the nature of the subsidy in question. As with hybrid instruments and recurring/non-recurring grants, it is appropriate to determine which methodology is most appropriate based on the specific facts of the Article 7 assistance. Although the Article 7 assistance exhibits characteristics of both an interest rebate and a grant, based on an overview of the contract under which the assistance was provided, we determine that the weight of the evidence in this case supports our treatment of the Article 7 assistance as a grant.

For the reasons set forth in *Magnesium from Canada,* we preliminarily determine that the grant provided under Article 7 was non-recurring because it represented a one-time provision of funds. (See 57 FR 30946, 30949 (July 13, 1992)).

We calculated the benefit from the grant received by NHCI using the company's cost of long-term, fixed-rate debt as the discount rate and our declining balance methodology, consistent with § 355.49 of the *Proposed Regulations.* We divided that portion of the benefit allocated to the POR by NHCI's total sales of Canadian-manufactured products. (See the Allocation Methodology section below regarding the selection of the allocation period.) We preliminarily determine the net subsidy to be 6.16 percent ad valorem for NHCI.

II. Programs Preliminarily Found Not To Be Used

We examined the following programs and preliminarily find that NHCI did not apply for or receive benefits under the following programs during the POR: St. Lawrence River Environmental Technology Development Program, Program for Export Market Development, the Export Development Corporation, Canada-Québec Subsidiary Agreement on the Economic Development of the Regions of Québec, Opportunities to Stimulate Technology Programs, Development Assistance Program, Industrial Feasibility Study Assistance Program, Export Promotion Assistance Program, Creation of Scientific Jobs in Industries, Business Investment Assistance Program, Business Financing Program, Research and Innovation Activities Program, Export Assistance Program, Energy Technologies Development Program, Financial Assistance Program for Research Formation and for the Improvement of the Recycling Industry, and Transportation Research and Development Assistance Program.

Allocation Methodology

In the past, the Department has relied upon information from the U.S. Internal Revenue Service on the industry-specific average useful life of assets in determining the allocation period for non-recurring grant benefits. (See GIA at 37226.) However, in *British Steel plc.* v. *United States,* 879 F. Supp. 1254 (CIT 1995) (British Steel), the U.S. Court of International Trade (the Court) ruled against this allocation methodology. In accordance with the Court's remand order, the Department calculated a company-specific allocation period for non-recurring subsidies based on the average useful life (AUL) of non-renewable physical assets. This remand determination was affirmed by the Court on June 4, 1996 *(British Steel,* 929 F. Supp. 426, 439 (CIT 1996)).

The Department has decided to acquiesce to the Court's decision and, as such, we intend in all future cases to determine the allocation period for non-recurring subsidies using company-specific AUL data where reasonable and practicable. Specifically, the Department has preliminarily determined that it is reasonable and practicable to allocate all new non-recurring subsidies (i.e., subsidies that have not yet been assigned an allocation period) based on a company-specific AUL. However, if a subsidy has already been countervailed based on an allocation period established in an earlier segment of the proceeding, it does not appear reasonable or practicable to reallocate that subsidy over a different period of time. In other words, since the countervailing duty rate in earlier segments of the proceeding was calculated based on a certain allocation period and resulting benefit stream, redefining the allocation period in later segments of the proceeding would entail taking the original grant amount and creating an entirely new benefit stream for that grant. Such a practice may lead to an increase or decrease in the amount countervailed and, thus, would result in the possibility of over-countervailing or under-countervailing the actual benefit. The Department has preliminarily determined that a more reasonable and accurate approach is to continue using the allocation period first assigned to the subsidy. We invite the parties to comment on the selection of this methodology and provide any other reasonable and practicable approaches for complying with the Court's ruling.

In the current reviews, there are no new non-recurring grant subsidies. The non-recurring grant under review was provided prior to the POR; the allocation period for the grant was established during prior segments of these proceedings. Therefore, for purposes of these preliminary results, the Department is using the original allocation period assigned to the grant.

Preliminary Results of Review

We preliminarily determine the net subsidy for the period January 1, 1993 through December 31, 1993, to be 7.13 percent ad valorem.

If the final results of these reviews remain the same as these preliminary results, the Department intends to instruct the U.S. Customs Service to assess countervailing duties of 7.13

percent of the f.o.b. invoice price on all shipments of subject merchandise from Canada, except from Timminco Limited (which was excluded from the order in the original investigation).

The Department also intends to instruct the U.S. Customs Service to collect a cash deposit of estimated countervailing duties of 7.13 percent of the f.o.b. invoice price on all shipments of the subject merchandise from Canada, except from Timminco Limited (which was excluded from the order during the original investigation), entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of these reviews.

Parties to these proceedings may request disclosure of the calculation methodology and interested parties may request a hearing not later than 10 days after the date of publication of this notice. Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted seven days after the time limit for filing the case brief. Parties who submit argument in these proceedings are requested to submit with the argument (1) a statement of the issue, and (2) a brief summary of the argument. Any hearing, if requested, will be held seven days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 355.38 (e).

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

These administrative reviews and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 355.22.

Dated: March 12, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–7359 Filed 3–21–97; 8:45 am]

BILLING CODE 3510–DS–P

[C–428–823, C–274–803, C–122–827, and C–307–814]

Notice of Initiation of Countervailing Duty Investigations: Steel Wire Rod from Germany, Trinidad and Tobago, Canada and Venezuela

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

EFFECTIVE DATE: March 24, 1997.

FOR FURTHER INFORMATION CONTACT: Roy A. Malmrose (Germany), Vince Kane (Trinidad and Tobago), Robert Bolling (Canada) and Chris Cassel (Venezuela), Import Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–5414, 482–2815, 482–1386 and 482–4847, respectively.

Initiation of Investigations

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act effective January 1, 1995 (the Act).

The Petition

On February 26, 1997, the Department of Commerce (the Department) received a petition filed in proper form by Connecticut Steel Corp., Co-Steel Raritan, GS Industries, Inc., Keystone Steel & Wire Co., North Star Steel Texas, Inc. and Northwestern Steel and Wire Co. (the petitioners), six U.S. producers of wire rod. Supplements to the petitions were filed on March 4, 10, 11, 12, 13, 14, 17, and 18, 1997.

In accordance with section 701(a) of the Act, petitioners allege that manufacturers, producers, or exporters of the subject merchandise in Germany, Trinidad and Tobago, Canada and Venezuela receive countervailable subsidies.

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

Determination of Industry Support for the Petition

Section 702(b)(1)of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the ''industry'' as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who account for production of the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether ''the domestic industry'' has been injured, must also determine what constitutes a domestic like product in order to define the industry. However, while both the Department and the ITC must apply the same statutory definition of domestic like product, they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.[1]

Section 771(10) of the Act defines domestic like product as ''a product that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title.'' Thus, the reference point from which the like product analysis begins is ''the article subject to an investigation,'' *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

The petition refers to the single domestic like product defined in the ''Scope of Investigation'' section, above. The Department has no basis on the record to find the petition's definition of the domestic like product clearly inaccurate. In this regard, we have found no basis on which to reject petitioners' representations that there are clear dividing lines, in terms of characteristics or uses, between the product under investigation on the one hand and, on the other hand, other carbon and alloy coiled steel products. The Department has, therefore, adopted the like product definition set forth in the petition. In this case, petitioners established industry support representing approximately 75 percent of the production of the domestic like product.

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