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All submissions should refer to File Number SR-Phlx-2004-84. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Phlx. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2004-84 and should be submitted on or before January 19, 2005.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-475-825]

#### Stainless Steel Sheet & Strip in Coils from Italy; Preliminary Results of the Full Sunset Review of the Countervailing Duty Order

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

**SUMMARY:** On June 1, 2004, the Department initiated a sunset review of the countervailing duty ("CVD") order on stainless steel sheet & strip in coils ("SSSS") from Italy pursuant to section 751(c) of the Tariff Act of 1930, as

amended ("the Act"). See *Initiation of Five-Year (Sunset) Reviews*, 69 FR 30874 (June 1, 2004). On the basis of substantive responses filed by domestic and respondent interested parties, the Department is conducting a full sunset review. As a result of this review, the Department preliminarily finds that revocation of the countervailing duty order would likely lead to continuation or recurrence of countervailable subsidies at the levels indicated in the *Preliminary Results of Review* section of this notice.

**EFFECTIVE DATE:** December 29, 2004.

**FOR FURTHER INFORMATION CONTACT:**

Hilary Sadler, Esq., Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482-4340.

**SUPPLEMENTARY INFORMATION:**

**Background**

On June 1, 2004, the Department initiated a sunset review of the countervailing duty ("CVD") order on SSSS from Italy pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"). See *Initiation of Five-Year (Sunset) Reviews*, 69 FR 30874 (June 1, 2004). The Department received a notice of intent to participate from Allegheny Ludlum Corp. ("Allegheny Ludlum"), North America Stainless ("NAS"), Nucor Corporation, Local 3303 United Auto Workers, Zanesville Armco Independent Organization, and the United Steelworkers of America, AFL-CIO/CLC ("USWA"), the domestic interested parties (collectively "domestic interested parties"), within the applicable deadline (June 16, 2004) specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. However, NAS does not support continuation of this countervailing duty order. See Notice of Intent to Participate from the Domestic Interested Parties at footnote 1 (June 16, 2004). All domestic interested parties claimed interested-party status under section 771(9)(C) and (D) of the Act, as a U.S. producer of the domestic like product or a certified union whose workers are engaged in the production of the subject merchandise in the United States.

On July 1, 2004, we received a complete substantive response from the domestic interested parties within the 30-day deadline specified in section 351.218(d)(3)(i) of the Department's *Regulations*. See Substantive Response of the Domestic Interested Parties (July 1, 2004).

The Department received a complete substantive response to the notice of initiation on behalf of three respondent interested parties: the Government of Italy ("GOI"), the Delegation of the European Commission ("EC"), and TKAST. We received substantive responses from all respondent interested parties expressing their willingness to participate in this review. See Responses of the GOI (unpaginated), June 30, 2004, ("GOI Response"); EC (unpaginated), June 30, 2004, ("EC Response"). TKAST, a foreign producer and exporter of the subject merchandise claimed interested party status under section 771(9)(A) of the Act. See Substantive Response of TKAST at 2 (July 1, 2004) ("TKAST Response"). All respondent interested parties note that they have participated in this proceeding.

We received rebuttal comments from the domestic interested parties on July 9, 2004; however, we did not receive rebuttal comments from the respondent interested parties.

In a sunset review, the Department normally will find that there is adequate response to conduct a full sunset review where respondent interested parties account for more than 50 percent, by volume, of total exports of subject merchandise to the United States. See 19 CFR 351.218(e)(1)(ii)(A). TKAST accounted for more than the 50 percent threshold that the Department normally considers to be an adequate response under 19 CFR section 351.218(e)(1)(ii)(A). On July 13, 2004, the Department determined that the responses by TKAST, the only respondent company in this review, the GOI, and the EC provided an adequate basis for a full review. See Memorandum for James J. Jochum, Assistant Secretary, Import Administration, from Ronald K. Lorentzen, Acting Director, Office of Policy, Re: Sunset Review of Stainless Steel Sheet & Strip in Coils from Italy; Adequacy of Respondent Interested Party Response to the Notice of Initiation, July 21, 2004. Therefore, the Department is conducting a full sunset review in accordance with 19 CFR 351.218(e)(2)(i).

**Scope of Review**

For purposes of this review, the product covered by this order is certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less

<sup>11</sup> 17 CFR 200.30-3(a)(12).

than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to these orders is classified in the Harmonized Tariff Schedule of the United States ("HTSUS") at the following subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise covered by these orders is dispositive.

Excluded from the scope of these orders are the following: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled; (2) sheet and strip that is cut to length; (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more); (4) flat wire (i.e., cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm); and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See

Chapter 72 of the HTSUS, "Additional U.S. Note" 1(d).

In response to comments by interested parties the Department has determined that certain specialty stainless steel products are also excluded from the scope of these orders. These excluded products are described below:

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of these orders. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of

more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of these orders. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as "Arnokrome III."<sup>1</sup>

Certain electrical resistance alloy steel is also excluded from the scope of these orders. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high-temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names, such as "Gilphy 36."<sup>2</sup>

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of these orders. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under

<sup>1</sup> "Arnokrome III" is a trademark of the Arnold Engineering.

<sup>2</sup> "Gilphy 36" is a trademark of Imphy, S.A.

proprietary trade names, such as "Durphynox 17."<sup>3</sup>

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of these orders. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).<sup>4</sup> This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names, such as "GIN4 Mo." The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent, and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is "GIN5" steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, "GIN6", "GIN4 Mo," "GIN5" and "GIN6" are the proprietary grades of Hitachi Metals America, Ltd.

**Analysis of Comments Received:**

All issues raised in the substantive responses and rebuttals by parties to this sunset review are addressed in the "Issues and Decision Memorandum" ("Decision Memo") from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated December 17, 2004, which is hereby adopted by this notice. The issues discussed in the accompanying Decision Memo include the likelihood of continuation or recurrence of countervailable subsidies, the net subsidy likely to prevail were the order revoked, and the nature of the

subsidy. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B-099, of the main Commerce building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at [www.ia.ita.doc.gov/frn](http://www.ia.ita.doc.gov/frn), under the heading "Italy." The paper copy and electronic version of the Decision Memo are identical in content.

**Preliminary Results of Review:**

The Department notes that on November 7, 2003, the U.S. Trade Representative requested the Department, pursuant to section 129(b)(4) of the Uruguay Round Agreements Act, to implement the determination in the Section 129 Memo. See *Notice of Implementation Under Section 129 of the Uruguay Round Agreements Act: Countervailing Measures Concerning Certain Steel Products From the European Communities*, 68 FR 64858, (November 17, 2003). Accordingly, the Department revised the cash deposit rates for TKAST and "all others" to reflect the impact that privatization had on non-recurring, allocable subsidies for the countervailing duty order on SSSS from Italy. *Id.* We have preliminarily determined to report these revised rates to the ITC.

We preliminarily determine that revocation of the countervailing duty order on SSSS from Italy would be likely to lead to continuation or recurrence of countervailable subsidies at the rates listed below:

Producers/Exporters	Net Countervailable Subsidy (percent)
TKAST .....	0.80
Arinox .....	0.34
All Others .....	1.61

**Nature of the Subsidy**

Consistent with section 752(a)(6) of the Act, the Department will provide to the ITC information concerning the nature of the subsidy, and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement. No receipt of benefits under these countervailable programs are contingent upon exports or the substitution of domestic over imported goods; therefore, these programs do not fall within the definition of a subsidy under Article 3 of the Subsidies Agreement. Furthermore, our review of the determinations on the record does not lead us to conclude that these programs fall within the definition of a

subsidy under Article 6.1. We note that as of January 1, 2000, Article 6.1 has ceased to apply (see Article 31 of the Subsidies Agreement).

Any interested party may request a hearing within 30 days of publication of this notice in accordance with 19 CFR 351.310(d)(i). Any hearing, if requested, will be held on February 16, 2004. Interested parties may submit case briefs no later than February 8, 2005, in accordance with 19 CFR 351.309(c)(1)(i). Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than February 14, 2004, in accordance with 19 CFR 351.309(d)(i). The Department will issue a notice of final results of this sunset review, which will include the results of its analysis of issues raised in any such briefs, not later than April 27, 2005.

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

Dated: December 17, 2004.

**James J. Jochum,**

*Assistant Secretary for Import Administration.*

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**Billing Code: 3510-DS-S**

**SOCIAL SECURITY ADMINISTRATION**

**Work Incentives Assistance Program: Grants to State Protection and Advocacy Systems To Provide Protection and Advocacy Services to Social Security Beneficiaries With Disabilities; Awards Notification**

**AGENCY:** Social Security Administration.

**ACTION:** Notice.

**SUMMARY:** The Social Security Administration announces the awarding of Work Incentives Assistance Program Grants to State Protection and Advocacy Systems for the period December 1, 2004 through November 30, 2005. The purpose of this program is to provide individuals with disabilities who receive Social Security Disability Insurance or Supplemental Security Income benefits, information and advice about obtaining vocational rehabilitation and employment services. The purpose is also to provide advocacy or other services that beneficiaries with a disability may need to secure, maintain, or regain gainful employment.

The following grants are being awarded for Fiscal Year 2005:

State or Territory	Award
Alabama .....	\$107,243
Alaska .....	100,000

<sup>3</sup> "Durphynox 17" is a trademark of Imphy, S.A.

<sup>4</sup> This list of uses is illustrative and provided for descriptive purposes only.