

and draft recommendations from one or more of its subcommittees. NTIA will post a detailed agenda on its Web site, <http://www.ntia.doc.gov>, prior to the meeting. There also will be an opportunity for public comment at the meeting.

**Time and Date:** The meeting will be held on November 8, 2010, from 10 a.m. to 1 p.m., Eastern Standard Time. The times and the agenda topics are subject to change. The meeting may be webcast or made available via audio link. Please refer to NTIA's Web site, <http://www.ntia.doc.gov>, for the most up-to-date meeting agenda and access information.

**Place:** The meeting will be held at the U.S. Department of Commerce, National Telecommunications and Information Administration, 1401 Constitution Avenue, NW., Room 4830, Washington, DC. The meeting will be open to the public and press on a first-come, first-served basis. Space is limited. The public meeting is physically accessible to people with disabilities. Individuals requiring accommodations, such as sign language interpretation or other ancillary aids, are asked to notify Mr. Gattuso, at (202) 482-0977 or [jgattuso@ntia.doc.gov](mailto:jgattuso@ntia.doc.gov), at least five (5) business days before the meeting.

**Status:** Interested parties are invited to attend and to submit written comments to the Committee at any time before or after the meeting. Parties wishing to submit written comments for consideration by the Committee in advance of this meeting should send them to NTIA's Washington, DC office at the above-listed address and such comments must be received by close of business on November 3, 2010, to provide sufficient time for review. Comments received after November 3, 2010, will be distributed to the Committee, but may not be reviewed prior to the meeting. It would be helpful if paper submissions also include a compact disc (CD) in HTML, ASCII, Word or WordPerfect format (please specify version). CDs should be labeled with the name and organizational affiliation of the filer, and the name of the word processing program used to create the document. Alternatively, comments may be submitted electronically to [spectrumadvisory@ntia.doc.gov](mailto:spectrumadvisory@ntia.doc.gov). Comments provided via electronic mail also may be submitted in one or more of the formats specified above.

**Records:** NTIA maintains records of all Committee proceedings. Committee records are available for public inspection at NTIA's Washington, DC office at the address above. Documents including the Committee's charter, membership list, agendas, minutes, and

any reports are available on NTIA's Committee Web page at <http://www.ntia.doc.gov/advisory/spectrum>.

Dated: October 15, 2010.

**Kathy D. Smith,**  
*Chief Counsel, National Telecommunications and Information Administration.*

[FR Doc. 2010-26382 Filed 10-19-10; 8:45 am]

**BILLING CODE 3510-60-P**

## DEPARTMENT OF COMMERCE

### Bureau of Industry and Security

#### Transportation and Related Equipment Technical Advisory Committee; Notice of Partially Closed Meeting

The Transportation and Related Equipment Technical Advisory Committee will meet on November 4, 2010, 9:30 a.m., in the Herbert C. Hoover Building, Room 6087B, 14th Street between Constitution & Pennsylvania Avenues, NW., Washington, DC. The Committee advises the Office of the Assistant Secretary for Export Administration with respect to technical questions that affect the level of export controls applicable to transportation and related equipment or technology.

#### Public Session

1. Welcome and Introductions.
2. Review Status of Working Groups.
3. Proposals from the Public.

#### Closed Session

4. Discussion of matters determined to be exempt from the provisions relating to public meetings found in 5 U.S.C. app. 2 §§ 10(a)(1) and 10(a)(3).

The open session will be accessible via teleconference to 20 participants on a first come, first serve basis. To join the conference, submit inquiries to Ms. Yvette Springer at [Yspringer@bis.doc.gov](mailto:Yspringer@bis.doc.gov) no later than October 26, 2010.

A limited number of seats will be available during the public session of the meeting. Reservations are not accepted. To the extent time permits, members of the public may present oral statements to the Committee. The public may submit written statements at any time before or after the meeting. However, to facilitate distribution of public presentation materials to Committee members, the Committee suggests that presenters forward the public presentation materials prior to the meeting to Ms. Springer via email.

The Assistant Secretary for Administration, with the concurrence of the delegate of the General Counsel, formally determined on October 15,

2010, pursuant to Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. app. 2 §§ (10)(d)), that the portion of the meeting dealing with matters the disclosure of portion of the meeting dealing with matters the disclosure of which would be likely to frustrate significantly implementation of an agency action as described in 5 U.S.C. 552b(c)(9)(B) shall be exempt from the provisions relating to public meetings found in 5 U.S.C. app. 2 §§ 10(a)(1) and 10(a)(3). The remaining portions of the meeting will be open to the public.

For more information, call Yvette Springer at (202) 482-2813.

Dated: October 15, 2010.

**Yvette Springer,**  
*Committee Liaison Officer.*

[FR Doc. 2010-26408 Filed 10-19-10; 8:45 am]

**BILLING CODE 3510-JT-P**

## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-351-829]

#### Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products From Brazil: Preliminary Results of Countervailing Duty Administrative Review

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

**SUMMARY:** The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on certain hot-rolled flat-rolled carbon-quality steel products (HRS) from Brazil for the period January 1, 2008 through December 31, 2008. For information on the net subsidy for the company reviewed, see the "Preliminary Results of Administrative Review" section of this notice. Interested parties are invited to comment on the preliminary results of this administrative review. See the "Disclosure and Public Comment" section of this notice, below.

**DATES:** *Effective Date:* October 20, 2010.

**FOR FURTHER INFORMATION CONTACT:** Myrna Lobo, Justin Neuman or Milton Koch, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-2371, (202) 482-0486 and (202) 482-2584, respectively.

**SUPPLEMENTARY INFORMATION:**

## Background

On September 17, 2004, the Department published in the **Federal Register** the CVD order on HRS from Brazil. See *Agreement Suspending the Countervailing Duty Investigation on Hot-Rolled Flat-Rolled Carbon-Quality Steel From Brazil; Termination of Suspension Agreement and Notice of Countervailing Duty Order*, 69 FR 56040 (September 17, 2004) (*HRS Order*). The order was issued five years after the completion of the countervailing duty investigation, and after the termination of the agreement that suspended the investigation. See *Suspension of Countervailing Duty Investigation: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, 64 FR 38797 (July 19, 1999); see also *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil*, 64 FR 38742 (July 19, 1999) (*HRS Final Determination*).

On September 1, 2009, the Department published in the **Federal Register** a notice of opportunity to request an administrative review of this order. See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 74 FR 45179 (September 1, 2009). On September 30, 2009, the Department received a timely request from Usinas Siderurgicas de Minas Gerais (USIMINAS) and its subsidiary, Companhia Siderurgica Paulista (COSIPA), to conduct an administrative review of the countervailing duty order applicable to its exports to the United States for the period of January 1 through December 31, 2008. USIMINAS and COSIPA (collectively, USIMINAS/COSIPA) are related companies that produce and export subject merchandise. On October 26, 2009, the Department initiated an administrative review of the CVD order on HRS from Brazil covering USIMINAS/COSIPA for the period January 1, 2008 through December 1, 2008. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Request for Revocation in Part*, 74 FR 54956 (October 26, 2009).

The Department issued questionnaires to the Government of Brazil (GOB) and USIMINAS/COSIPA on December 10, 2009. USIMINAS/COSIPA submitted their joint questionnaire response on February 1, 2010. On February 4, 2010, the GOB submitted its questionnaire response. Subsequently, at the Department's request, USIMINAS/COSIPA submitted a revised copy of their original questionnaire response

removing unrelated materials inadvertently included in the original response.

On February 3, 2010, United States Steel Corporation (petitioner) submitted a timely request for the Department to conduct on-site verifications of the questionnaire responses submitted by USIMINAS/COSIPA and the GOB. On March 5, 2010, in response to a request from the petitioner, the Department extended the deadline for the submission of new factual information to April 1, 2010. On April 1, 2010, petitioner submitted factual information for consideration in this administrative review. On June 7, 2010, the Department extended the time limit for the preliminary results of the countervailing duty administrative review until October 7, 2010. See *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Products from Brazil: Extension of Time Limit for Preliminary Results of Countervailing Duty Administrative Review*, 75 FR 32160 (June 7, 2010). Included in this extension was the Department's decision to toll all deadlines related to this proceeding by seven days due to the closure of the Federal Government from February 5 through February 12, 2010. See Memorandum to the Record from Ronald K. Lorentzen, Deputy Assistant Secretary for Import Administration, regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During the Recent Snowstorm" (February 12, 2010).

The Department issued supplemental questionnaires to the GOB and USIMINAS/COSIPA on June 25, 2010. On July 26 and 27, respectively, the GOB and USIMINAS/COSIPA submitted their supplemental responses. The Department issued supplemental questionnaires to the GOB and USIMINAS/COSIPA on September 14, 2010. On September 24 and 27, respectively, the GOB and USIMINAS/COSIPA submitted their supplemental responses. On September 28, USIMINAS/COSIPA submitted additional supplemental information requested by the Department.

## Scope of the Order

For purposes of this review, the products covered are certain hot-rolled flat-rolled carbon-quality steel products of a rectangular shape, of a width of 0.5 inch or greater, neither clad, plated, nor coated with metal and whether or not painted, varnished, or coated with plastics or other non-metallic substances, in coils (whether or not in successively superimposed layers) regardless of thickness, and in straight lengths, of a thickness less than 4.75

mm and of a width measuring at least 10 times the thickness. Universal mill plate (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm, but not exceeding 1250 mm and of a thickness of not less than 4 mm, not in coils and without patterns in relief) of a thickness not less than 4.0 mm is not included within the scope of these investigations.

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 the substrate for 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. The substrate for motor lamination steels contains micro-alloying levels of elements such as silicon and aluminum.

Steel products to be included in the scope of this investigation, regardless of HTSUS definitions, 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 1.50 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 0.012 percent of boron, or 0.10 percent of molybdenum, or 0.10 percent of niobium, or 0.41 percent of titanium, or 0.15 percent of vanadium, or 0.15 percent of zirconium.

All products that meet the physical and chemical description provided above are within the scope of this order unless otherwise excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this order:

- Alloy hot-rolled steel products in which at least one of the chemical elements exceeds those listed above (including *e.g.*, ASTM specifications A543, A387, A514, A517, and A506).
- SAE/AISI grades of series 2300 and higher.
- Ball bearing steels, as defined in the HTSUS.
- Tool steels, as defined in the HTSUS.
- Silico-manganese (as defined in the HTSUS) or silicon electrical steel with a silicon level exceeding 1.50 percent.

• ASTM specifications A710 and A736.

• USS Abrasion-resistant steels (USS AR 400, USS AR 500).

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

[In percent]

C	Mn (max)	P (max)	S (max)	Si	Cr	Cu	Ni (max)
0.10–0.14	0.90	0.025	0.005	0.30–0.50	0.30–0.50	0.20–0.40	0.20

Width = 44.80 inches maximum;  
Thickness = 0.063–0.198 inches;  
Yield

Strength = 50,000 ksi minimum; Tensile Strength = 70,000–88,000 psi.

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

[In percent]

C	Mn	P (max)	S (max)	Si	Cr	Cu (max)	Ni (max)	Mo
0.10–0.16	0.70–0.90	0.025	0.006	0.30–0.50	0.30–0.50	0.25	0.20	0.21

Width = 44.80 inches maximum;  
Thickness = 0.350 inches maximum;

Yield Strength = 80,000 ksi minimum;  
Tensile Strength = 105,000 psi Aim.

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

[In percent]

C	Mn	P (max)	S (max)	Si	Cr	Cu	Ni (max)	V (wt.) (max)	Cb (max)
0.10–0.14	1.30–1.80	0.025	0.005	0.30–0.50	0.50–0.70	0.20–0.40	0.20	0.10	0.08

Width = 44.80 inches maximum;  
Thickness = 0.350 inches maximum;

Yield Strength = 80,000 ksi minimum;  
Tensile Strength = 105,000 psi Aim.

• Hot-rolled steel coil which meets the following chemical, physical and mechanical specifications:

[In percent]

C (max)	Mn (max)	P (max)	S (max)	Si (max)	Cr (max)	Cu (max)	Ni (max)	Nb (min)	Ca	Al
0.15	1.40	0.025	0.010	0.50	1.00	0.50	0.20	0.005	Treated	0.01–0.07

Width = 39.37 inches; Thickness = 0.181 inches maximum; Yield Strength = 70,000 psi minimum for thicknesses ≤ 0.148 inches and 65,000 psi minimum for thicknesses > 0.148 inches; Tensile Strength = 80,000 psi minimum.

• Hot-rolled dual phase steel, phase-hardened, primarily with a ferritic-martensitic microstructure, contains 0.9 percent up to and including 1.5 percent silicon by weight, further characterized by either (i) tensile strength between 540 N/mm<sup>2</sup> and 640 N/mm<sup>2</sup> and an elongation percentage ≥ 26 percent for thicknesses of 2 mm and above, or (ii) a tensile strength between 590 N/mm<sup>2</sup> and 690 N/mm<sup>2</sup> and an elongation percentage ≥ 25 percent for thicknesses of 2 mm and above.

• Hot-rolled bearing quality steel, SAE grade 1050, in coils, with an inclusion rating of 1.0 maximum per

ASTM E 45, Method A, with excellent surface quality and chemistry restrictions as follows: 0.012 percent maximum phosphorus, 0.015 percent maximum sulfur, and 0.20 percent maximum residuals including 0.15 percent maximum chromium.

• Grade ASTM A570–50 hot-rolled steel sheet in coils or cut lengths, width of 74 inches (nominal, within ASTM tolerances), thickness of 11 gauge (0.119 inch nominal), mill edge and skin passed, with a minimum copper content of 0.20%.

The merchandise subject to this order is classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7208.10.15.00, 7208.10.30.00, 7208.10.60.00, 7208.25.30.00, 7208.25.60.00, 7208.26.00.30, 7208.26.00.60, 7208.27.00.30, 7208.27.00.60, 7208.36.00.30, 7208.36.00.60, 7208.37.00.30, 7208.37.00.60,

7208.38.00.15, 7208.38.00.30, 7208.38.00.90, 7208.39.00.15, 7208.39.00.30, 7208.39.00.90, 7208.40.60.30, 7208.40.60.60, 7208.53.00.00, 7208.54.00.00, 7208.90.00.00, 7210.70.30.00, 7210.90.90.00, 7211.14.00.30, 7211.14.00.90, 7211.19.15.00, 7211.19.20.00, 7211.19.30.00, 7211.19.45.00, 7211.19.60.00, 7211.19.75.30, 7211.19.75.60, 7211.19.75.90, 7212.40.10.00, 7212.40.50.00, 7212.50.00.00. Certain hot-rolled flat-rolled carbon-quality steel covered by this order, including: vacuum degassed, fully stabilized; high strength low alloy; and the substrate for motor lamination steel may also enter under the following tariff numbers: 7225.11.00.00, 7225.19.00.00, 7225.30.30.50, 7225.30.70.00, 7225.40.70.00, 7225.99.00.90, 7226.11.10.00, 7226.11.90.30,

7226.11.90.60, 7226.19.10.00, 7226.19.90.00, 7226.91.50.00, 7226.91.70.00, 7226.91.80.00, and 7226.99.00.00. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise covered by this order is dispositive.

#### Period of Review

The period for which we are measuring subsidies, *i.e.*, the period of review (POR), is January 1, 2008 through December 31, 2008.

#### Subsidies Valuation Information

##### *Cross-Ownership*

The Department's regulations state that cross-ownership exists 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. *See* 19 CFR 351.525(b)(6)(vi). The regulation specifies that this standard will normally be met where there is a majority voting ownership interest between two corporations or through common ownership of two (or more) corporations. *Id.* The preamble to the Department's regulations further clarifies the Department's cross-ownership standard. *See Countervailing Duties; Final Rule*, 63 FR 65347, 65401 (November 25, 1998) (*CVD Preamble*). According to the *CVD Preamble*, relationships captured by the cross-ownership definition include those where the interests of two corporations have merged to such a degree that one corporation can use or direct the individual assets (including subsidy benefits) of the other corporation in essentially the same way it can use its own assets (including subsidy benefits). *Id.* The cross-ownership standard does not require one corporation to own 100 percent of the other corporation. In certain circumstances, a large minority voting interest (for example, 40 percent) or a "golden share" may also result in cross-ownership. *Id.* at 65401.

As such, the Department's regulations make it clear that we must examine the facts presented in each case in order to determine whether cross-ownership exists. If we find that cross-ownership exists and if one or more of the relationships identified in 19 CFR 351.525(b)(6) exists, we treat all cross-owned companies, to which at least one of those relationships applies, as one company, and calculate a single rate for any countervailable subsidies that we identify and measure, in accordance with 19 CFR 351.525(b)(6).

Further, in accordance with 19 CFR 351.525(b)(6)(iv), if the Department determines that the suppliers of inputs primarily dedicated to the production of the downstream product are cross-owned with the producers/exporters under investigation, then the Department will treat subsidies provided to the input producers as subsidies attributable to the production of the downstream product.

In the original HRS investigation in 1999, the Department determined that USIMINAS and COSIPA should be treated as a single company because of USIMINAS' 49.79 percent ownership stake in COSIPA and the fact that both companies produced subject merchandise. *See HRS Final Determination* at 38744. This finding on the relationship between USIMINAS and COSIPA was reaffirmed in the Department's countervailing duty investigation in 2002 of certain cold-rolled carbon steel flat products (CRS) from Brazil, in which both USIMINAS and COSIPA were respondents. *See Final Affirmative Countervailing Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products From Brazil*, 67 FR 62128 (October 3, 2002) (*CRS Final Determination*) and the accompanying Issues and Decision Memorandum (*CRS I&D Memorandum*) at 4–5. Since the CRS investigation, COSIPA has become a wholly-owned subsidiary of USIMINAS, and remained so throughout the current POR. COSIPA produced the same steel products as its parent company; USIMINAS produced audited consolidated financial statements for 2008 that included COSIPA's financial information; and COSIPA's own audited financial statement for 2008 indicates that the majority of its Board of Directors also hold positions on USIMINAS' Executive Board. Based on this information, the Department has determined that USIMINAS and COSIPA were cross-owned during the POR in accordance with 19 CFR 351.525(b)(6)(vi). Further, since they both produce and export subject merchandise, we are treating them as a single entity, USIMINAS/COSIPA.

USIMINAS/COSIPA reported affiliations during the POR with three warehousing/processing/distributing companies involved in the production and sale of HRS, Fasal, S.A. (Fasal), Dufer, S.A. (Dufer), and Rio Negro Comercio e Industrial (Rio Negro), and two of its suppliers of iron ore consumed in the production of HRS, Mineração J. Mendes Ltda. (J. Mendes) and Companhia do Vale do Rio Doce (Vale). To the extent that the subsidies we are investigating are conferred on

these companies, we must examine whether cross-ownership exists among and across producers, the inventory/processing/distributor companies, and the iron ore producers/suppliers.

USIMINAS/COSIPA submitted information indicating that at the beginning of 2008, COSIPA owned 51 percent of Dufer. In October 2008, COSIPA purchased the remaining shares of Dufer, making the company a wholly-owned subsidiary of COSIPA. USIMINAS/COSIPA also reported in its July 27, 2010 supplemental questionnaire response that "some members of Usiminas' (Cosipa's) {sic} top management also sat on Dufer's board of directors." USIMINAS/COSIPA indicates that it was the sole supplier of all the steel products that Dufer sells or further processes. Based on this information, we preliminarily determine that Dufer and USIMINAS/COSIPA were cross-owned during the POR in accordance with 19 CFR 351.525(b)(6)(vi).

During the POR, USIMINAS owned 65.69 percent of Rio Negro's shares. Respondents also indicate in their July 27, 2010 response that "(s)ome members of Usiminas' top management also sit on Rio Negro's board of directors." USIMINAS/COSIPA indicates that it was the sole supplier of all steel that Rio Negro sells or processes. Based on this information, we preliminarily determine that Rio Negro and USIMINAS/COSIPA were cross-owned during the POR in accordance with 19 CFR 351.525(b)(6)(vi).

On February 1, 2008, USIMINAS/COSIPA acquired all the shares of J. Mendes and its wholly-owned subsidiaries, Somisa Siderurgica Oeste de Minas Ltda. (Somisa) and Global Mineração Ltda. On July 1, 2008, the stockholders of USIMINAS/COSIPA approved the merger of J. Mendes and its two wholly-owned subsidiaries into USIMINAS; those companies were then extinguished. Based on information on the record, we preliminarily determine that J. Mendes was cross-owned with USIMINAS/COSIPA, from February 1, 2008 through July 1, 2008, the date on which it was extinguished and absorbed by USIMINAS/COSIPA, in accordance with 19 CFR 351.525(b)(6)(vi). Because USIMINAS/COSIPA also absorbed the subsidiaries Somisa and Global Mineração Ltda. when it merged with J. Mendes, and because Somisa had outstanding loans under the FINAME program under review (*see* "Analysis of Programs" section, below), any countervailable benefit that Somisa received from these loans during the POR will be attributed to USIMINAS/COSIPA.

The Department also finds that Fasal is cross-owned with USIMINAS/COSIPA, and that Vale is not cross-owned with the companies under review. Since much of the analysis supporting our findings on cross-ownership regarding Fasal and Vale involves business proprietary information, this analysis is fully set forth in the Memorandum to Barbara E. Tillman, Director, AD/CVD Operations, Office 6, from Justin M. Neuman, International Trade Compliance Analyst; Countervailing Duty Administrative Review: Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel from Brazil, dated concurrently with this notice (*Cross-Ownership Memorandum*), a public version of which is on file in the Department's Central Records Unit (CRU) in Room 7046 of the main Department building.

Based on information on the record, for purposes of these preliminary results, we determine that cross-ownership exists, as defined by 19 CFR 351.525(b)(6), among and across the following companies involved in the production and sale of the subject merchandise: respondent HRS producers/exporters, USIMINAS and COSIPA; the inventory/processing/distribution companies involved in the production and distribution of HRS, Fasal, Dufer, and Rio Negro; and the iron-ore supply company, J. Mendes.

#### Allocation Period

Under 19 CFR 351.524(d)(2)(i), we will presume the allocation period for non-recurring subsidies to be the average useful life (AUL) prescribed by the Internal Revenue Service (IRS) for renewable physical assets of the industry under consideration (as listed in the IRS's 1977 Class Life Asset Depreciation Range System, and as updated by the Department of the Treasury). This presumption will apply unless a party claims and establishes that these tables do not reasonably reflect the AUL of the renewable physical assets of the company or industry under investigation. Specifically, the party must establish that the difference between the AUL from the tables and the company-specific AUL or country-wide AUL for the industry under investigation is significant, pursuant to 19 CFR 351.524(d)(2)(i) and (ii). For assets used to manufacture steel products such as HRS, the IRS tables prescribe an AUL of 15 years.

USIMINAS/COSIPA did not rebut the presumption that the IRS tables should be used. Therefore, we are using the 15-year AUL as reported in the IRS tables to allocate any non-recurring subsidies

under investigation which were provided directly to the producers and exporters of the subject merchandise.

#### Benchmark Rate Information

For programs requiring the application of a benchmark interest rate, 19 CFR 351.505(a)(1) states a preference for using an interest rate that the company would have paid on a comparable commercial loan<sup>1</sup> on the market. Also, 19 CFR 351.505(a)(3)(i) stipulates that when selecting a comparable commercial loan that the recipient "could actually obtain on the market" the Department will normally rely on actual short-term and long-term loans obtained by the firm. However, when there are no comparable commercial loans, the Department "may use a national average interest rate for comparable commercial loans," pursuant to 19 CFR 351.505(a)(3)(ii).

Pursuant to 19 CFR 351.505(a)(2)(iii) and (a)(2)(iv), if a program under review is a government-provided loan program, the preference would be to use a company-specific annual average of interest rates of comparable commercial loans during the year in which the government-provided loan was approved. For this review, the Department required benchmark rates to determine benefits received from FINAME loans provided by Banco Nacional de Desenvolvimento Economico e Social (BNDES), the Brazilian National Development Bank. USIMINAS/COSIPA did not report having any comparable commercial loans meeting the above criteria outstanding during the POR. Therefore, to calculate the benefit to USIMINAS/COSIPA from FINAME loans, for these preliminary results, in accordance with 19 CFR 351.505(a)(3)(ii), the Department has used national average interest rates.

In response to our initial questionnaire, the GOB provided information regarding national average interest rates in the form of the CDI rate and the SELIC rate; the CDI rate is the Interbank Deposit Rate and the SELIC rate is the rate at which the central bank provides overnight funds to banks. Neither represents an interest rate at which a commercial borrower could obtain financing on the market. Therefore for the purposes of these preliminary results, we will rely on information available from the Banco Central do Brasil, Brazil's central bank. Specifically, for the fixed-rate loans in Brazilian reais, we have used use an

<sup>1</sup> A comparable commercial loan is a loan in the same currency, with a similar maturity, and interest rate structure (*i.e.*, fixed vs. variable interest rate). See *Countervailing Duties: Final Rule*, 63 FR 65348, 65362.

annual average of the monthly rates identified as interest rates for working capital, for corporate entities for fixed operations. For the loans denominated in reais with the application of an indexation factor, we are using an annual average of the monthly rates identified as the consolidated rate for corporate entities. For these loans, because there are inconsistencies in the reported information about how the loan program operates and the loan information provided by USIMINAS/COSIPA, and there are multiple components of the loans, including indexation, we believe it is appropriate to use the consolidated rates which represent a composite of the fixed, indexed, and floating interest rates available to corporate entities. For a more detailed discussion of our selection and use of the benchmark interest rates, see Memorandum to the File from The Team; Calculations for the Preliminary Results: Usinas Siderurgicas de Minas Gerais S.A. and Companhia Siderurgica Paulista (USIMINAS/COSIPA), dated concurrently with this notice (*HRS Calculation Memorandum*).

#### Analysis of Programs

##### A. Program Preliminarily Determined To Be Countervailable

National Bank for Economic and Social Development Loans (BNDES) Loan Program: FINAME

In the *CRS Final Determination*, we determined that the FINAME loan program was countervailable as an import substitution program in accordance with section 771(5A)(C) of the Tariff Act of 1930, as Amended (the Act). In a prior administrative review of the instant order, the Department decided that it was appropriate to examine programs discovered in that investigation that reasonably appeared to provide countervailable subsidies to USIMINAS/COSIPA, such as FINAME loans. See Memorandum to the File, from The Team; Additional Subsidy Programs to be Included in the Questionnaire for the Countervailing Duty Administrative Review of Certain Hot-Rolled Carbon Steel Flat Products from Brazil (December 19, 2005), a public document available in the CRU. Although the prior administrative review was subsequently rescinded (see *Certain Hot-Rolled Flat-Rolled Carbon-Quality Steel Flat Products from Brazil: Notice of Rescission of Countervailing Duty Administrative Review*, 71 FR 8278 (February 16, 2006)), the decision to examine FINAME loans to producers of HRS stands. Therefore, we requested

complete information on all FINAME loans outstanding during the POR.

The FINAME program was established by BNDES in the 1990s to finance purchases of Brazilian-produced equipment. Essentially, financing was only provided by BNDES for the purchase of Brazilian-made equipment and financing for imported equipment could only be provided if that equipment could not be obtained in Brazil. Financing was not provided for foreign-made equipment if the same equipment was produced in Brazil. FINAME loans are primarily made on an indirect basis through agent banks.

The terms of FINAME loans vary depending on whether the financing is for imported or domestically-produced equipment. For domestically-produced equipment, FINAME finances up to 90 percent of the purchase for a small business and up to 80 percent of the purchase for a large company. If the equipment is imported, or less than 60 percent Brazilian content, the financing must be made from a basket of foreign currencies. For imported equipment, a maximum financing term of five years is applied, and financing is available for 85 percent of the value of the equipment for small businesses and for 80 percent of the value for large businesses. During the POR, USIMINAS/COSIPA had outstanding FINAME loans granted for the purchase of Brazilian-made equipment. See "Benchmark Rate Information," above.

We are examining the specificity of the FINAME financing that USIMINAS/COSIPA received. In the absence of new information or evidence of changed circumstances that would warrant a reconsideration of the countervailability of this program, we continue to find this program to be *de jure* specific as an import substitution program because it is only available to finance the purchase of domestically-produced equipment. See section 771(5A)(C) of the Act. We further find that there is a financial contribution, through the provision of loans, under section 771(5)(D)(i) of the Act.

To the extent that the interest rates on these loans are lower than the benchmark rate, a benefit exists in accordance with 19 CFR 351.505(a). We calculated the benefit in accordance with sections 351.505(a)(5)(i) and 351.505(a)(5)(ii) of the Department's regulations, by comparing the actual interest paid on the outstanding FINAME loans during the POR, to the amount of interest that would have been paid on these loans using the comparable commercial benchmark rates noted in the "Benchmark Rate Information" section above. The

FINAME loans received by USIMINAS/COSIPA have unique interest rates and structures including monetary correction (indexation) of the loan principal. Because the structure of these loans is complex, and much of the information is business proprietary, the calculation methodology for these loans is discussed in more detail in the preliminary calculation memorandum. See *HRS Calculation Memorandum*. We preliminarily determine that USIMINAS/COSIPA received benefits under the FINAME financing program during the POR. We summed the benefits from all loans to the cross-owned companies, and divided this total by the combined total sales of USIMINAS/COSIPA during the POR. We thus determine the countervailable subsidy from FINAME loans to USIMINAS/COSIPA to be 0.02 percent *ad valorem*.

#### *B. Program Preliminarily Determined To Be Not Countervailable*

Presumed Tax Credit for the Program of Social Integration and the Social Contributions of Billings on Inputs Used in Exports (PIS/COFINS)

In 1970, through Supplementary Law No. 7, the GOB established PIS. Under the law, companies make PIS contributions to a fund which is "a means of creating wealth for \* \* \* employees." In 1991, through Supplementary Law No. 70, the GOB established COFINS as a contribution for the financing of social insurance "intended solely to defray the cost of health care and social security and assistance work." At the time of the CRS investigation, the Department determined that PIS and COFINS taxes were assessed on all products purchased domestically but did not apply to the sale of products that are exported. See *CRS I&D Memorandum* at 15. Each company was responsible for making monthly payments of PIS and COFINS based on the total value of its domestic sales of goods and services.

In 1996, through Law No. 9363, the GOB established the PIS/COFINS tax credit program to provide a rebate of PIS/COFINS contributions assessed on the purchase of raw materials, intermediate products, and packing materials used in the production of exports. The PIS and COFINS "presumed" tax credit was established to prevent the cascading effect of these taxes which accrue at each point in the chain of production. Companies calculated PIS/COFINS credits on a monthly basis, and used the credit by making deductions from the Industrial Products Tax (IPI) due.

The "presumed" tax credit rate for PIS and COFINS was 5.37 percent and applied to exporters in all industries. The Department determined in the CRS investigation that the GOB did not determine the value, quantity or type of inputs consumed in the production, by any particular producer, of subject merchandise, nor did the GOB take into account any yield factors; this tax credit rate was arbitrarily chosen for administrative convenience. To calculate its credit, a company divided its export revenues, accumulated through the prior month, by its total sales revenues for the same period. This export revenue ratio was then multiplied by the company's total value of purchases as reflected in the supplier's sale invoices for raw materials, semi-finished products, and packaging materials used in the production process. This amount was then multiplied by the tax credit rate of 5.37 percent to yield the year-to-date accumulated tax credit. In order to calculate the credit for the current month, the credit used through the prior month was deducted from this accumulated tax credit.

Consistent with the definition provided in 19 CFR 351.102(b), we treated PIS/COFINS taxes as indirect taxes. (See *CRS I&D Memorandum* at Comment 2). Further, because PIS/COFINS was charged on inputs used to make cold-rolled steel, it was charged on goods at one stage of production that were used in a succeeding stage of production, thus falling within the definitions provided in 19 CFR 351.102(b) of "cumulative indirect tax" and "prior-stage indirect tax." See *CRS I&D Memorandum* at 16.

In the CRS investigation, based on our determination that PIS and COFINS were prior-stage cumulative indirect taxes, we examined whether the GOB had a system or procedure in place, within the meaning of 19 CFR 351.518(a)(4)(i), to confirm which inputs and in what amounts were used in the production of subject merchandise. We determined that this system was established as a simplified and streamlined methodology to implement and administer the tax rebate for all companies in Brazil. The only limitation imposed on companies making rebate claims was that the claims be limited to those inputs defined under the PIS/COFINS rebate law, which was broader than the "consumed in production" standard provided for in 19 CFR 351.518(a)(1). Companies reported their purchases of inputs based on the assumption that all goods purchased were consumed equally in exported and domestically

sold goods. Further confirmation was not conducted by the government. As such, we found that this system did not permit the GOB to confirm which inputs are being consumed in the production of exported goods and in what amounts.

In addition, in the CRS investigation, we found that the system did not account for the fact that domestic and export sales may include imported inputs. Further, in determining the actual amounts of inputs consumed in final products, the GOB did not make due allowance for waste, thereby raising the concern that the claim amounts were overstated. Because we found that the GOB had not met the requirements under 19 CFR 351.518(a)(4)(i), we determined that the entire amount of the credit granted on PIS/COFINS payments conferred a benefit to the respondent companies. In the *CRS Final Determination*, we determined that, according to section 771(5)(D)(ii) of the Act, the granting of tax credits constituted a financial contribution, and because the PIS/COFINS rebates were calculated based on a company's export revenue, *i.e.*, were available only to exporters, we found that this program was *de jure* specific as an export subsidy according to section 771(5A)(B) of the Act.

In the current review of HRS, in response to the initial questionnaire, the GOB has reported widespread changes to the administration of PIS/COFINS since the CRS investigation. In order to eliminate the distortions caused by the cumulative regime of PIS/COFINS and to promote tax neutrality, the GOB introduced Law No. 10.637 of December 30, 2002, and Law No. 10.833 of December 29, 2003, for PIS and COFINS, respectively. These laws revised the PIS/COFINS programs such that they now operate as a value-added tax (VAT) system. For the reasons discussed above, as in the CRS investigation we preliminarily determine that the PIS/COFINS taxes meet the definitions of an "indirect tax" and a "prior-stage indirect tax" within the meaning of 19 CFR 351.102(b).

According to the revisions in the legislation, PIS and COFINS taxes are now collected at 1.65 percent and 7.6 percent, respectively, when companies sell goods in the domestic market. Companies also pay PIS and COFINS at the rates of 1.65 percent and 7.6 percent, respectively, when domestically purchasing goods for resale, goods and services used as inputs in the production or manufacture of goods for sale, storage of merchandise related to sales, freight expenses related to sales, *etc.* Goods that are exported do not

generate any tax liability under the non-cumulative PIS/COFINS regime.

To calculate the difference between the taxes paid by a company on its purchases and the taxes collected by a company on its sales under the non-cumulative PIS/COFINS system, the total value of the company's exports is subtracted from the company's overall revenue before applying the combined PIS/COFINS tax rate of 9.25 percent to determine the amount of PIS/COFINS taxes due to the government. Eligible purchases of inputs, goods for resale, *etc.*, that were subject to PIS/COFINS taxation are summed and multiplied by the same 9.25 percent rate to determine the total amount of PIS/COFINS taxes already paid by the company on its purchases. When a company has paid more in PIS/COFINS taxes on its purchases than it collects on its sales, the company is due the difference. When a company collects more in PIS/COFINS on its sales than it pays on its purchases, the company remits the difference to the government. Brazilian companies prepare monthly documents that reconcile the amount of PIS/COFINS taxes they paid on their purchases and the amount of PIS/COFINS taxes they collected on the company's total sales in each month. These documents are filed with the Brazilian Federal income tax authority.

In the CRS investigation, we found that PIS/COFINS operated as a cumulative, indirect tax for which excessive remission was received by respondents within the meaning of 19 CFR 351.518(a)(2). However, because information provided by the GOB indicates widespread changes in the administration of PIS/COFINS since the Department last examined this program in the CRS investigation, we have reexamined this program. For the purposes of this review, we preliminarily determine that the PIS/COFINS program has been transformed via Laws No. 10.637 and 10.833 and now operates like a standard VAT system. Based on the information on the record, the PIS/COFINS program no longer operates as a cumulative indirect tax within the meaning of 19 CFR 102(b). Therefore, an analysis of the program under 19 CFR 351.518 is no longer appropriate. Because of the program's transformation into a standard VAT program, we have reexamined whether any remittance or rebate received under this program is excessive within the meaning of 19 CFR 351.517. *See CVD Preamble* at 65383. Under 19 CFR 351.517, which addresses the exemption or remission upon export of indirect taxes, a benefit exists to the extent that the amount remitted or

exempted exceeds the amount levied with respect to the production and distribution of like products when sold for domestic consumption. The record demonstrates that the changes to the program have eliminated the tax credits granted upon export. The only credit is itself based on the actual amount of PIS/COFINS taxes already paid by a company on its purchases, and there are no credits granted upon export. Thus, there is no benefit as defined under the provisions of 19 CFR 351.517(a), which define a benefit as the amount by which the credit upon export exceeds the taxes levied on the production and distribution of like products sold for domestic consumption. Therefore, for purposes of these preliminary results, we find that there is no benefit within the meaning of 19 CFR 351.517(a). Furthermore, we find that the laws transforming these PIS/COFINS tax credits into a VAT-like system did not provide any "grandfathering" provisions and therefore we find that there are no benefits available under the old PIS/COFINS structure. As such, we preliminarily determine that the PIS/COFINS program is not countervailable within the meaning of section 771(5) of the Act.

### *C. Programs Preliminarily Determined To Be Not Used*

We preliminarily determine that USIMINAS/COSIPA did not apply for or receive benefits during the POR under the programs listed below:

#### 1. Equity Infusions

In the investigation of HRS, we found that the GOB had granted subsidies in the form of equity infusions to USIMINAS from 1983 through 1988, and to COSIPA from 1983 through 1989, and in 1991. The countervailable benefits from those equity infusions were fully allocated prior to the POR. USIMINAS/COSIPA has not received any other equity infusions that provide countervailable benefits in the POR.

#### 2. GOB Debt-to-Equity Conversions

In the investigation of HRS, we found that the GOB had granted subsidies in the form of debt-to-equity conversions to COSIPA in 1992 and 1993 in preparation for COSIPA's privatization. The countervailable benefits from those debt-to-equity conversions were fully allocated prior to the POR. USIMINAS/COSIPA has not received any other debt-to-equity conversions that provide countervailable benefits in the POR.

3. National Bank for Economic and Social Development Loans (BNDES) Loan Programs

- a. *BNDES EXIM*  
b. *BNDES Participacoes S.A. (BNDESPAR)*

4. Provincial Government Program: PRO-INDUSTRIA

5. Programa de Financiamento as Exportacoes (PROEX)

6. Program to Induce Industrial Modernization of the State of Minas Gerais (PROIM)

*D. Program For Which More Information Is Required*

BNDES FINEM Loan Program

In the *CRS Final Determination*, we found the FINEM loan program not countervailable based on information provided by the GOB that showed that FINEM loans were not specific: there was no indication of *de jure* specificity under section 771(5A)(D)(i) of the Act. Further, the financing was provided to a wide variety of industries ranging from paper to electricity to farming products, and the breakdown of FINEM financing by industry indicated that the steel industry was neither a predominant user nor disproportionate recipient of FINEM financing, and the program was not *de facto* specific under section 771(5A)(D)(iii) of the Act.

In the original questionnaire, the companies reported FINAME loans and other BNDES loans. See USIMINAS/COSIPA's February 1, 2010 questionnaire response at 17. In our supplemental questionnaires, we sought clarification of the BNDES programs under which the loans reported by USIMINAS/COSIPA had been provided. The GOB identified certain BNDES loans as FINEM loans for the financing of investment projects. See the GOB's July 26, 2010 supplemental response at 1. These loans had been granted to USIMINAS/COSIPA after the POI. Our decision in the *CRS Final Determination* that FINEM loans were *de facto* not specific was based on our analysis of the distribution of loans granted contemporaneously with USIMINAS/COSIPA's FINEM loans outstanding during the POI. Because the FINEM loans outstanding during the POR are new loans granted to USIMINAS/COSIPA since the POI, it is appropriate to examine whether this program is *de facto* specific for the purposes of this review. In the second supplemental questionnaire, we asked the GOB to provide information regarding this program, in particular, the distribution of loans by industry for the years in which USIMINAS/COSIPA's loans were

approved and the prior three years. The GOB responded to this questionnaire on September 24, 2010, but did not provide detailed information. Given that the FINEM loan issue arose late in the proceeding, and the Department has not had sufficient time to gather and assess the information provided by the GOB, the Department will continue to examine the information provided by the GOB and will request additional information in order to complete our analysis of whether this program provides a countervailable subsidy to USIMINAS/COSIPA for the final results.

Preliminary Results of Administrative Review

In accordance with 19 CFR 351.221(b)(4)(i), we have calculated a combined subsidy rate for USIMINAS/COSIPA for the POR. We preliminarily determine the total countervailable subsidy to be 0.02 percent *ad valorem* for USIMINAS/COSIPA, which is a *de minimis* rate. See 19 CFR 351.106(c)(1).

Assessment Rates/Cash Deposits

The Department intends to issue assessment instructions to U.S. Customs and Border Protection (CBP) 15 days after the date of publication of the final results of this review. If the final results remain the same as these preliminary results, the Department will instruct CBP to liquidate without regard to countervailing duties all shipments of subject merchandise produced by USIMINAS/COSIPA, entered, or withdrawn from warehouse, for consumption from January 1, 2008 through December 31, 2008. The Department will also instruct CBP to collect cash deposits of estimated countervailing duties at a rate of 0.00 percent on shipments of the subject merchandise produced by USIMINAS/COSIPA, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

We will instruct CBP to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to companies covered by this order, but not examined in this review, are those established in the most recently completed administrative proceeding for each company. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

Disclosure and Public Comment

We will disclose the calculations used in our analysis to parties to this segment

of the proceeding within five days of the public announcement of this notice. See 19 CFR 351.224(b). Pursuant to 19 CFR 351.309, interested parties may submit written comments in response to these preliminary results. Unless the time period is extended by the Department, case briefs are to be submitted within 30 days after the date of publication of this notice in the **Federal Register**. See 19 CFR 351.309(c). Rebuttal briefs, which must be limited to arguments raised in case briefs, are to be submitted no later than five days after the time limit for filing case briefs. See 19 CFR 351.309(d). Parties who submit arguments in this proceeding are requested to submit with the argument: (1) A statement of the issues; (2) a brief summary of the argument; and (3) a table of authorities cited. Further, we request that parties submitting written comments provide the Department with a diskette containing an electronic copy of the public version of such comments. Case and rebuttal briefs must be served on interested parties, in accordance with 19 CFR 351.303(f).

Interested parties may also request a hearing pursuant to 19 CFR 351.310(c). Interested parties who wish to request a hearing, or to participate if one is requested, must submit a written request to the Assistant Secretary for Import Administration, within 30 days of the date of publication of this notice. See *id.* Requests should contain: (1) The party's name, address and telephone number; (2) the number of participants; and (3) a list of issues to be discussed.

Unless extended, the Department will issue the final results of this administrative review, including the results of its analysis of issues raised in any written briefs, not later than 120 days after the date of publication of this notice, pursuant to section 751(a)(3)(A) of the Act. These preliminary results are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act, and 19 CFR 351.221(b)(4).

Dated: October 7, 2010.

**Ronald K. Lorentzen,**  
*Deputy Assistant Secretary for Import Administration.*

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