

See section 776(b) of the Act; *see also*, 19 CFR 351.308(a), (b), and (c).

Section 782(d) of the Act requires the Department to inform a respondent if there are deficiencies in its responses and allow it a reasonable time to correct these deficiencies before the Department applies facts available. Even if the information provided is deficient, if it is usable without undue difficulty, is timely, is verifiable, can serve as a reliable basis for reaching our determination, and if the party has cooperated to the best of its ability in providing responses to the Department's questionnaires, section 782(e) of the Act directs the Department not to decline to consider deficient submissions.

In the present review, the GOF did not provide information regarding the specificity of benefits under certain programs included under Investment/Operating Subsidies reported by Usinor. Instead, the GOF responded that "in view of the multiplicity of programs, the noncountervailability of several of them, and the small amounts involved, the GOF has not undertaken to provide the requested documentation." *See* GOF Questionnaire Response, dated December 19, 2002, at 6–7. Similarly, the GOF was asked to provide this information in the investigation segment of this proceeding and elected not to do so. *See SSSS from France*, 64 FR at 30779–80. Thus, the GOF is aware of the specific information needed by the Department and apparently possesses responsive information, but has declined to provide it in response to our questionnaires.

Given these circumstances, the Department preliminarily has determined to apply facts available, pursuant to section 776(a)(2)(A) of the Act. Further, we preliminarily find that an adverse inference is warranted in applying facts available because, as noted above, the GOF elected not to provide information which it could provide and, hence, has not acted to the best of its ability. Verification, if one is conducted, is not the appropriate means for gathering this information.

Because the GOF did not provide information about these programs, including the distribution of benefits under the programs, the Department is unable to make specificity findings. Therefore, in applying adverse facts available, we preliminarily find that these programs are *de facto* specific. *See* section 771(5A)(D)(ii) of the Act. (Our analysis of the financial contribution and benefit under these programs is discussed below under "Investment/Operating Subsidies.")

## Subsidies Valuation Information

### Allocation Period

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

To rebut the presumption in favor of the IRS tables, the challenging party must demonstrate that the IRS tables do not reasonably reflect the company-specific AUL or the country-wide AUL for the industry in question, and that the difference between the company-specific or country-wide AUL and the IRS tables is significant. *See* 19 CFR 351.524(d)(2)(i). For this difference to be considered significant, it must be one year or greater. *See* 19 CFR 351.524(d)(2)(ii).

In this proceeding, Usinor has calculated a company-specific AUL of 12 years. *See* Usinor 12/19/2002 Questionnaire Response, Exhibit 26. We note, however, that the one allocable subsidy received by Usinor and attributed to Ugine, bonds issued by Fonds d'Intervention Sidérurgique (steel intervention fund) ("FIS"), has previously been allocated over a company-specific AUL of 14 years. The 14-year AUL was calculated in a remand determination involving the *Final Affirmative Countervailing Duty Determination: Certain Steel Products from France*, 58 FR 37304 (July 9, 1993) ("*French Certain Steel*") and was subsequently used to allocate this same subsidy in *SSSS from France* (64 FR at 30778) and *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From France*, 64 FR 73277, 73280 (December 29, 1999) ("*French Plate*"). Because the 14-year AUL was calculated using company-specific information and the information is more contemporaneous with the bestowal of the subsidy in question than the information underlying Usinor's 12-year calculation, we have continued to use the 14-year AUL to allocate the benefits of the FIS Bonds in this proceeding.

For non-recurring subsidies to Usinor, we applied the "0.5 percent expense test" described in 19 CFR 351.524(b)(2). Under this test, we compare the amount of subsidies approved under a given program in a particular year to sales

(total or export, as appropriate) in that year. If the amount of subsidies is less than 0.5 percent of sales, the benefits are expensed in full in the year of receipt rather than allocated over the AUL period.

### Equityworthiness and Creditworthiness

In *French Certain Steel* and *SSSS from France*, we found Usinor to be unequityworthy from 1986 through 1988 and uncreditworthy from 1982 through 1988. *See French Certain Steel*, 58 FR 37304, 37305; *SSSS from France*, 64 FR 30774, 30778. No new information has been presented in this review to warrant a reconsideration of these findings. Therefore, based upon these previous findings of unequityworthiness and uncreditworthiness, in this review, we continue to find Usinor unequityworthy and uncreditworthy from 1987 through 1988, the years relevant to this proceeding.

### Benchmarks for Loans and Discount Rates

As discussed above, we have determined that Usinor was uncreditworthy in 1988, the only year in which it received a countervailable subsidy which is being allocated over time.

In accordance with 19 CFR 341.524(d)(3)(ii), the discount rate for companies considered uncreditworthy is the rate described in 19 CFR 351.505(a)(3)(iii). To calculate that rate, the Department must specify values for four variables: (1) The probability of default by an uncreditworthy company; (2) the probability of default by a creditworthy company; (3) the long-term interest rate for creditworthy borrowers; and (4) the term of the debt.

For the probability of default by an uncreditworthy company, we have used the average cumulative default rates reported for the Caa- to C-rated category of companies as published in Moody's Investors Service, "Historical Default Rates of Corporate Bond Issuers, 1920–1997" (February 1998). For the probability of default by a creditworthy company, we used the cumulative default rates for investment grade bonds as published in Moody's Investor Service's: "Statistical Tables of Default Rates and Recovery Rates" (February 1998). For the commercial interest rate charged to creditworthy borrowers, we used the average of the following long-term interest rates: medium-term credit to enterprises, equipment loan rates as published by the OECD, cost of credit rates published in the *Bulletin of Banque de France*, and private sector bond rates as published by the