

International Monetary Fund. For the term of the debt, we used the AUL period for Usinor, as the equity benefits are being allocated over that period.

To measure the benefit from reimbursable advances received by Usinor, we relied on an average long-term interest rate developed in *SSSS from France* for 1989, and on Usinor's company's-specific borrowing rate for 1995.

I. Programs Preliminarily Found To Be Countervailable

A. FIS Bonds

The 1981 Corrected Finance Law granted Usinor the authority to issue convertible bonds. In 1983, the FIS was created to implement that authority. In 1983, 1984, and 1985, Usinor issued convertible bonds to the FIS, which in turn, with the GOF's guarantee, floated the bonds to the public and to institutional investors. These bonds were converted to common stock in 1986 and 1988.

In several previous cases, the Department has treated these conversions of Usinor's FIS Bonds into equity as countervailable equity infusions. See *French Certain Steel*, 58 FR at 37307; *French Plate*, 64 FR at 73282; *SSSS from France*, 64 FR at 30779; and *Final Affirmative Countervailing Duty Determinations: Certain Hot Rolled Lead and Bismuth Carbon Steel Products From France*, 58 FR 6221, 6224 (January 27, 1997). These equity infusions were limited to Usinor and were, therefore, specific as a matter of law within the meaning of section 771(5A)(D)(i) of the Act. Also, these equity infusions provided a financial contribution to Usinor within the meaning of section 771(5)(D)(i) of the Act. Finally, because Usinor was unequityworthy at the time of the infusions, we find that Usinor received benefit in the amount of the investments. See Section 771(5)(E)(i) of the Act.

No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our past findings. Therefore, we find that a countervailable benefit is being bestowed on the subject merchandise. Because the final year of the benefit stream for the 1986 infusion was 1999, *i.e.*, prior to this POR, we find that there is no countervailable benefit to the subject merchandise in this POR for the 1986 conversion. Thus, only the 1988 equity infusion continues to provide a benefit in the POR.

Pursuant to 19 CFR 351.507(c), we have treated the 1988 equity infusion as

a non-recurring subsidy and allocated it over time according to 19 CFR 351.524(d). Because Usinor was uncreditworthy in 1988 (*see* section above on "Subsidies Valuation Information: Equityworthiness and Creditworthiness"), we used an uncreditorworthy discount rate to allocate the benefit of the equity infusion.

In *French Plate*, we attributed separately to Usinor and GTS Industries S.A. their relative portions of the benefits from the equity infusion. See *French Plate*, 64 FR at 73282. We have continued to do so in this proceeding. We note, however, that the amount attributed to the respective companies differs from the amounts in *French Plate*. This is because of the revisions to the Department's change-in-ownership methodology since the *French Plate* determination as described in the "Changes in Ownership" section above.

Dividing the POR benefit attributed to Usinor by Usinor's total sales of French-produced merchandise during the POR, we preliminarily find Usinor's net subsidy rate for this program to be 1.06 percent *ad valorem*.

B. Investment/Operating Subsidies

During the period 1987 through the POR, Usinor received a variety of small investment and operating subsidies from various GOF agencies and from the European Coal and Steel Community ("ECSC"). These subsidies were provided to Usinor for research and development, projects to reduce work-related illnesses and accidents, projects to combat water pollution, etc. The subsidies are classified as investment, equipment, or operating subsidies in the company's accounts, depending on how the funds are used.

In *SSSS from France* and *French Plate*, the Department determined that the funding provided to Usinor by the water boards (*les agences de l'eau*) and certain work/training grants were not countervailable. See *SSSS from France*, 64 FR at 30779, 30788; *French Plate*, 64 FR at 73282. Additionally, in the *First Review*, the Department also found that funding provided under ECSC Article 55 was not countervailable. See *First Review*, 67 FR 62098, and accompanying "Issues and Decision Memorandum," at Comment 5. Consistent with these previous findings, we have excluded these particular subsidies from the calculation of the benefit under this program.

Other than the exclusions noted above, we preliminarily find that the investment and operating subsidies provide a financial contribution, as described in section 771(5)(D)(i) of the

Act, and a benefit, as described in section 771(5)(E)(i) of the Act. Also, as discussed above under "Use of Facts Available," we preliminarily find that these investment and operating subsidies are specific within the meaning of section 771(5A)(D)(ii) of the Act. Therefore, consistent with *SSSS from France*, 64 FR at 30779, and *French Plate*, 64 FR at 73282, we preliminarily find that these investment and operating subsidies are countervailable subsidies.

The investment and operating subsidies provided through 2000 have already been determined to be less than 0.5 percent of Usinor's sales of French-produced merchandise in the relevant year. See *SSSS from France*, 64 FR at 30780; *French Plate*, 64 FR at 73283; and the *First Review*, 67 FR at 62098, and accompanying "Issues and Decision Memorandum," at 3–4. Therefore, these benefits were expensed in the years of receipt, in accordance with 19 CFR 351.524(b)(2).

To calculate the benefit received during the POR, we divided the subsidies received by Usinor in the POR by Usinor's total sales of French-produced merchandise during the POR. Accordingly, we preliminarily find Usinor's net subsidy rate for this program to be 0.04 percent *ad valorem*.

C. Funding for Myosotis Project

In *SSSS from France*, we explained that Usinor received grants and reimbursable advances from the GOF to fund the Myosotis project under three agreements. We found that the amounts received by Usinor between 1989 and 1993 were properly expensed in the years of receipt and, hence, that there was no countervailable subsidy to the subject merchandise from these grants. We also found that, under the 1995 agreement, Usinor received a reimbursable advance from the GOF in support of the Myosotis project in 1997. See *SSSS from France*, 64 FR at 30780. In the prior review, Usinor reported that it received another advance in 1999 under the same 1995 agreement. The 1997 and 1999 advances were to be repaid in 1999 and 2001, respectively. See *First Review Prelim*, 67 FR at 31779.

In the instant review, Usinor reported that it recognized the entire 1999 advance as a grant during the POR. See Usinor 12/19/2002 Questionnaire Response at 34. The GOF reported that Usinor made a partial repayment on the balance outstanding from the 1997 advance. See GOF 12/19/2002 Questionnaire Response at 9.

As we established in the *First Review Prelim*, regardless of whether we treat the 1997 reimbursable advance as a