

grant, which would have been expensed prior to the POR, or a zero-interest long-term loan, which would yield a benefit of zero during the POR (when rounded to the nearest hundredth), we continue to find that the 1997 reimbursable advance does not confer a countervailable benefit on subject merchandise during the POR. See *First Review Prelim*, 67 FR 31744, 31779.

With regard to the conversion of the 1999 reimbursable advance into a grant during the POR, this conversion constitutes a financial contribution within the meaning of section 771(5)(D)(i) of the Act and confers a benefit in the amount of the grant under 19 CFR 351.504. The Department determined in *SSSS from France* that assistance to Usinor for the Myosotis Project was specific. See *SSSS from France*, 64 FR at 30780. We have treated the benefit of the conversion as having occurred during the POR. We divided the total amount of the grant portion of the 1999 advance by Usinor's total sales of French-produced sales during the POR (*i.e.*, the year in which the 1999 reimbursable advance was converted to and approved as a grant). The result was less than 0.5 percent. Therefore, we have expensed the entire amount of the converted 1999 reimbursable advance (*i.e.*, the grant amount) during the POR. See 19 CFR 351.524(b)(2). To calculate the benefit, we divided the amount of the grant by Usinor's total sales of French-produced merchandise during the POR, consistent with the provisions of 19 CFR 351.504.

Therefore, we preliminarily find Usinor's net subsidy rate for the 2001 conversion of the 1999 reimbursable grant under this program to be 0.01 percent *ad valorem*.

II. Programs Preliminarily Found To Be Not Countervailable

A. Loans With Special Characteristics (PACS)

In *SSSS from France*, we determined that Usinor received a countervailable subsidy as a result of the GOF's 1986 conversions of PACS into common shares of Usinor. See *SSSS from France*, 64 FR at 30779. Because the final year of the benefit stream for this subsidy was 1999, *i.e.*, prior to this POR, we preliminarily find that there is no countervailable benefit to the subject merchandise in the POR.

B. Shareholders' Advances

In *SSSS from France*, we determined that Usinor received a countervailable subsidy as a result of shareholder advances made by the GOF in 1982–1986. See *SSSS from France*, 64 FR at

30779. Because the final year of the benefit streams for these advances was 1999, *i.e.*, prior to this POR, we preliminarily find that there is no countervailable benefit to the subject merchandise in the POR.

C. Electric Arc Furnace

In *SSSS from France*, we explained that the GOF had agreed to provide Usinor with reimbursable advances to support the company's efforts to increase the efficiency of the melting process, the first stage in steel production. See *SSSS from France*, 64 FR at 30780. Because the first disbursements were not to be made until 1998, *i.e.*, after the POI in *SSSS from France*, the Department found no benefit during the POI. See *SSSS from France*, 64 FR at 30780. In *French Plate*, the Department also found no benefit during the POI (1998), because the reimbursable advance was treated as a contingent liability loan and no payment would be due on a comparable commercial loan until 1999. See *French Plate*, 64 FR at 73284.

In the present review, Usinor reported that it received reimbursable advances under this program in 1998 and 1999, and that the program was phased out in 1999 and 2000. See Usinor 12/19/2002 Questionnaire Response at 35–36. These advances were approved in 1995, with repayments in 2002 and 2005, respectively. Usinor further reported that no new advances were received during the POR. See Usinor 12/19/2002 Questionnaire Response at 36.

We divided the total amount approved by the GOF for this project by Usinor's total sales of French-produced merchandise in 1995, the year the reimbursable advances were approved. The result was less than 0.5 percent. Therefore, if these reimbursable advances were treated as grants, they would be expensed prior to the POR. See 19 CFR 351.505(d)(2) and 351.524(b)(2). Alternatively, we calculated the possible benefit to Usinor if the reimbursable advances were treated as zero-interest long-term loans. See 19 CFR 351.505(d)(1). The benefit (when rounded to the nearest hundredth) is zero during the POR.

Therefore, we have not analyzed these reimbursable advances further and preliminarily find that they do not confer a countervailable benefit on the subject merchandise during the POR.

D. Conditional Advances

In *SSSS from France*, we explained that Usinor received a conditional advance from the GOF in connection with a project aimed at developing a new type of steel used in the production

of catalytic converters. See *SSSS from France*, 64 FR at 30780. Payments were received by Usinor in 1992 and 1995. Repayment of the conditional advance was contingent upon sales of the product resulting from the project exceeding a set amount. We found that no repayment had been made and we treated the advance as a countervailable short-term, interest-free loan. In the present review, Usinor reported a balance outstanding in the POR and that it received no new assistance under this program. See Usinor 12/19/2002 Questionnaire Response at 32.

Assuming the conditional advance was approved in either 1991 or 1992, we divided the total amount received by Usinor's total sales of French-produced merchandise in each of those years. The result in both instances was less than 0.5 percent. Therefore, if the conditional advance were treated as a grant, it would have been expensed prior to the POR. See 19 CFR 351.505(d). Alternatively, we have calculated the possible benefit to Usinor if the outstanding amount of the conditional advance were treated as a zero-interest long-term loan. See 19 CFR 351.505(d)(1). The benefit (when rounded to the nearest hundredth) is zero during the POR.

Therefore, we have not analyzed the conditional advance further and preliminarily find that it does not confer a countervailable benefit on the subject merchandise during the POR.

III. Programs Preliminarily Found To Be Not Used

Based on the information provided in the responses, we find that neither Usinor nor its affiliated companies that produce subject merchandise received benefits under the following programs during the POI:

A. ESF Grants

In *SSSS from France* and *French Plate*, we found that certain Usinor companies had received grants under the European Social Fund ("ESF") for worker training, and that the grants provided countervailable subsidies. Normally, the Department treats benefits from worker training programs to be recurring. See CFR 351.524(c)(1). However, we have found in several cases that ESF grants relate to specific, individual projects that require separate approval and, hence, should be treated as non-recurring grants. See, *e.g.*, *SSSS from France*, 64 FR at 30781; *Final Affirmative Countervailing Duty Determination: Certain Stainless Steel Wire Rod from Italy*, 63 FR 40474, 40488 (July 29, 1998).