

regulations, the Secretary may find two or more programs integrally linked if: 1) the subsidy programs have the same purpose, 2) the subsidy programs bestow the same type of benefit, 3) the subsidy programs confer similar levels of benefits on similarly situated firms, and 4) the subsidy programs were linked at inception.

In the instant review we find that both the small-scale economic projects and the major economic projects were established under the MTM program to improve the labor conditions in Québec and hence, have the same purpose. Second, the benefit bestowed at both funding levels is the same because at both funding levels recipients are reimbursed for 50 percent of training expenses in the form of grants. Moreover, at both funding levels, the projects confer similar levels of benefits on similarly situated firms because firms with similar levels of training expenses are treated equally. Finally, with respect to the fourth criteria, the two funding levels were linked at the inception of the MTM program. Based on the above, we find that the two funding levels of the MTM program meet the integral linkage requirements. Consequently, for purposes of this review, we find that the MTM program for small-scale economic projects and major economic projects are integrally linked and consider them to be a single program.

We find that the MTM grants Magnola received in 1998 and 2000 constitute countervailable subsidies within the meaning of section 771(5) of the Act. We find a financial contribution under section 771(5)(D)(i) because the grants are a direct transfer of funds from the GOQ that confer a financial benefit to Magnola in the amount of the grants. In order to determine whether the MTM program is *de facto* specific, we conducted a "disproportionate benefit" analysis on an industry-specific and on a company-specific basis according to section 771(5A)(D)(iii)(III) of the Act. We reviewed the information available on the industry of recipients in the MTM program and compared the benefit amount received by the metals industry to the amounts received by all other recipient industries. We found that from 1998 through 2001, the metals industry received a disproportionately large amount of MTM benefits compared to other industries.

We then conducted a company-specific analysis by comparing the benefits received by Magnola to those received by other major economic project recipients, the only recipients for which we had company-specific data. We found that from 1998 through

2001, Magnola received a disproportionately large amount of benefits compared to other major economic project recipients. While the company-specific analysis was based on major economic project recipients only, we note that based on the amount of funding received by small-scale project recipients, the inclusion of small scale projects would not have had a significant impact on our analysis. Taken together, these facts support a finding under section 771(5A)(D)(iii)(III) of the Act, that the MTM program assistance received by Magnola was disproportionate on an industry-specific and company-specific basis.

Concerning whether this program is an export subsidy, section 771(5A) of the Act states that an export subsidy "is a subsidy that is, in law or in fact, contingent upon export performance, alone or as one of two or more conditions." In this review, the petitioner alleged the MTM program is export specific, citing to language in the MTM regulations that state that funding for projects "from the manufacturing sector, where production is mainly destined to export is given priority...."

We reviewed this information with respect to section 771(5A)(B) of the Act and found that the MTM regulations do not meet the requirements of an export subsidy because MTM assistance was not contingent upon exportation. In this instance, we find that the term "export" used in the MTM regulations refers to exports outside the province of Québec and not to exports outside Canada. Moreover, there is no evidence on the record to support the finding that eligibility for MTM assistance was contingent upon exportation, whether provincially or outside Canada. The fact that a subsidy is awarded to a company that exports does not, by itself, make the subsidy an export subsidy within the meaning of the Act. See *Preliminary Negative Countervailing Duty Determination: Certain Laminated Hardwood Trailer Flooring from Canada*, 61 FR 59079 (November 20, 1996). Therefore, we preliminarily find that the MTM program is neither *de facto* nor *de jure* export specific.

In accordance with 19 CFR 351.524(c)(1) and (2), we have treated these grants as non-recurring subsidies because separate, project specific government approval was required to receive benefits, and funding for all projects under the MTM program was generally limited to 24 months. To calculate the benefit, we performed the expense test, as explained in the AUL section above, and found that the benefits approved in each year were more than 0.5 percent of Magnola's total

sales. Therefore, we allocated the benefits over time. We used the grant methodology described in section 351.524(d) of the regulations to calculate the amount of benefit allocable to the POR. We then divided the benefit in the POR by Magnola's sales in the POR.

On this basis, we preliminarily find the net subsidy rate from the MTM program to be 7.00 percent *ad valorem* for Magnola.

II. Programs under which no benefit was received during the POR

• Federal Funding for a Feasibility Study under the Canada-Quebec Subsidiary Agreement on Industrial Development

The Department examined this program in the original investigations of pure and alloy magnesium and found that the GOC-provided assistance conferred a countervailable benefit. (See *Investigation Final*). Magnola received repayable contributions in 1996 and 1997, which were repaid to the GOC in 1998, with interest. Therefore, since Magnola repaid the benefits received prior to the POR, and no new funds were received during the POR, we find there is no benefit from this program during the POR.

III. Programs Preliminarily Found To Be Not Used

We examined the following programs and preliminarily find that Magnola did not apply for or receive benefits under these programs during the POR:

- St. Lawrence River Environment Technology Development Program
- Program for Export Market Development
- The Export Development Corporation
- Canada-Québec Subsidiary Agreement on the Economic Development of the Regions of Québec
- Opportunities to Stimulate Technology Programs
- Development Assistance Program
- Industrial Feasibility Study Assistance Program
- Export Promotion Assistance Program
- Creation of Scientific Jobs in Industries
- Business Investment Assistance Program
- Business Financing Program
- Research and Innovation Activities Program
- Export Assistance Program
- Energy Technologies Development Program
- Financial Assistance Program for Research Formation and for the Improvement of the Recycling Industry
- Transportation Research and Development Assistance Program