

venture research with the iron and steel industry.

In the underlying investigation, the Department found that IMIS's activities with AHMSA fell into two categories: joint venture activities and non-joint venture activities. See *CTL Plate Investigation*, 58 FR at 37359. We determined that IMIS's non-joint venture activities with AHMSA were not countervailable. However, the Department determined that joint venture activities were countervailable, and we treated IMIS's contributions to joint venture activities as non-recurring grants. *Id.* We used the same approach in the 1998 review of CTL Plate. AHMSA received grants under this program during the years 1987 through 1991.⁸ No new information or evidence of changed circumstances has been presented thus far in this review to warrant reconsideration of these findings. As a result, for purposes of these preliminary results, we continue to find that the IMIS grants conferred a benefit and constituted a government financial contribution under sections 771(5)(E) and 771(5)(D)(i) of the Act, respectively. In addition, we continue to find that the IMIS grants were specific to the steel industry under section 771(5A)(D)(i) of the Act.

To calculate the countervailable benefit in the POR, we used the grant allocation methodology for intermittent, significant inflation described above. We then divided the benefit attributable to the POR by the total consolidated sales of AHMSA during the same period. On this basis, we preliminarily determine the net subsidy for this program to be 0.04 percent *ad valorem* for AHMSA.

C. Lay-Off Financing From the GOM

During the verification of the underlying investigation, the Department discovered that the GOM had loaned AHMSA money to cover the cost of personnel lay-offs which the GOM felt were necessary to make AHMSA more attractive to potential purchasers. This loan was made prior to AHMSA's privatization in 1991. The Department also learned that this loan did not accrue interest after September 30, 1991. Further, the Department learned that the GOM was allowing the privatized AHMSA to repay this loan with the transfer of AHMSA assets back to the GOM. The assets AHMSA was using to repay the loan were assets which the Grupo Acero del Norte (GAN), the purchaser of AHMSA, had

not wished to purchase but which the GOM included in the sale package. See *CTL Plate Investigation*, 58 FR at 37360. These assets were characterized as "unnecessary assets" or assets not necessary to the production of steel.

Because the information about this financing and its repayment came to light only at verification of the questionnaire responses submitted during the investigation, we were unable to determine whether this loan relieved AHMSA of an obligation it would otherwise have borne with respect to the laid-off workers. Thus, in the underlying investigation, we calculated the benefit by treating the financing as an interest-free loan. See *CTL Plate Investigation*, 58 FR at 37361.

In the review covering calendar year 1997, AHMSA claimed that it had extinguished its lay-off financing debt with the transfer of the "unnecessary assets." See *1997 Review of CTL Plate*. See also, *Certain Cut-to-Length Carbon Steel Plate from Mexico: Preliminary Results of Countervailing Duty Administrative Review*, 64 FR 48796, 48801 (September 8, 1999) (*Preliminary Results of 1997 Review of CTL Plate*). In that review, we noted that the record of the investigation indicated that these assets were included by the GOM in the sale of AHMSA despite the fact that GAN, the purchaser of AHMSA, indicated that it did not wish to purchase those assets, and GAN's bid for AHMSA did not include any funds for those assets. See *Preliminary Results of 1997 Review of CTL Plate*, 64 FR at 48799. In the 1997 review of CTL Plate, we further noted that the record from the investigation indicated that the value of those assets was frozen in November 1991, and that, as of that date, the assets were neither depreciated nor revalued for inflation, both of which are standard accounting practices in Mexico. See *id.* 64 FR at 48801.

Although, in the 1997 review of CTL Plate, we noted that a loan that provides countervailable benefits normally ceases to do so once it has been fully repaid, we determined that the benefit to AHMSA with respect to the lay-off financing was essentially in the form of a grant. Specifically, in that review, we determined that AHMSA had repaid the loan with the transfer of assets which AHMSA's purchasers did not wish to purchase and for which they did not pay. See *Preliminary Results of 1997 Review of CTL Plate*, 64 FR 48801. Thus, in the review covering calendar year 1997, we determined that the GOM's acceptance of these "unnecessary assets" to repay this loan, assets which were effectively given to AHMSA free of charge, constituted debt forgiveness of

this loan. Accordingly, we determined that the entire amount of the pre-privatization lay-off financing was a non-recurring grant within the meaning of section 771(5)(E) of the Act that was received in 1994, the time at which the pre-privatization loan was forgiven. We further found that this program constituted a government financial contribution and was specific to a single enterprise within the meaning of sections 771(5)(D)(ii) and 771(5A)(D)(iii)(I) of the Act, respectively. We continued to apply this approach in the 1998 review of CTL Plate. No new information or evidence of changed circumstances was presented in this review to warrant any reconsideration of these findings. Thus, for the purposes of these preliminary results, we continue to find that the entire amount of the pre-privatization lay-off financing constituted a non-recurring grant received in 1994, the point at which the loan was forgiven.

To calculate the countervailable benefit in this review, we used the grant allocation methodology for intermittent, significant inflation described above. We then divided the benefit from the pre-privatization lay-off financing attributable to the POR by the total consolidated sales of AHMSA during the same period. On this basis, we preliminarily determine the net subsidy for this program to be 0.52 percent *ad valorem* for AHMSA.

D. GAN's Committed Investment Into AHMSA

As noted above in the "Change-in-Ownership" section, the GOM sold AHMSA to GAN in 1991. To sell the company, the GOM established a bid structure in which bids could be divided into two parts: A cash component and a committed investment component. Under these bidding rules, a potential purchaser of AHMSA could, in lieu of a cash payment to the GOM, agree to make future investments into AHMSA. GAN, the eventual purchaser of AHMSA, made a bid for the company which consisted of a cash payment to the GOM as well as a promise to invest a certain amount into AHMSA in the future. Another bid by a third party, which had a higher cash component, was rejected by the GOM in favor of GAN's bid.

In the 1998 review of CTL Plate, we found that, because the transaction in question involved only the sale of AHMSA, the actions of the GOM were specific to a single enterprise within the meaning of section 771(5A)(D)(iii)(I) of the Act. See the "Committed Investment" section of the Decision Memorandum that accompanied the

⁸ AHMSA also received a grant under this program 1986. However, this grant was fully expensed prior to the 2001 POR.