

Monterrey. See the "Immediate Deduction" section of the GOM Verification Report. With respect to small firms (*i.e.*, firms with a gross income of 7 million pesos or less), the location restriction did not apply.¹⁰ An immediate deduction could be taken, at the election of the taxpayer, in the tax year in which the investments in qualifying fixed assets were made, in the year in which these assets were first used, or in the following year. No prior approval by the GOM was required to use the immediate deduction option.

In past reviews, our examination of this program was limited to whether AHMSA used tax credits earned under the Immediate Deduction program to reduce its income tax liability. See, *e.g.*, the "Immediate Deduction" section of the Decision Memorandum that accompanied the *1998 Review of CTL Plate*. However, based on record evidence collected during this segment of the proceeding, we are preliminarily revising this approach. Under Article 23 of the Mexican tax law, the GOM imposes an alternative minimum tax. Pursuant to this provision, companies are required to pay the lesser of either the income tax or the asset tax. The asset tax is equal to 1.8 percent of the value of a company's assets. During the POR, AHMSA was in a tax loss position. Therefore, it did not have any taxable income. However, pursuant to Article 23 of the Mexican tax law, it was liable for an asset tax equal to 1.8 percent of the value of its assets. Therefore, we are investigating the extent to which AHMSA may have used this program to reduce its asset tax burden.

In previous segments of this proceeding, we have found the Immediate Deduction program specific to a region, pursuant to section 771(5A)(D)(iv) of the Act. We have further found that the program constituted a financial contribution, to the extent that the GOM is not collecting tax revenue that is otherwise due, and that it conferred a benefit under sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively. See, *e.g.*, the "Immediate Deduction" section of the Decision Memorandum that accompanied the *1998 Review of CTL Plate*. No new information or evidence of changed circumstances has been presented in this review to warrant reconsideration of these findings. Thus, for purposes of these preliminary results, we continue to find this program countervailable.

In accordance with 19 CFR 351.509, we have calculated the benefit under this program by determining the amount

of asset tax that AHMSA would have paid, absent the program, in the tax return it filed during the POR. We note that the amount of asset tax that AHMSA would have paid absent the program was clearly indicated on the tax return that AHMSA filed during the POR. See Exhibit 1 of AHMSA's July 8, 2003, supplemental questionnaire response. We then divided the benefit by AHMSA's total consolidated sales. On this basis, we preliminarily determine the net subsidy to be 2.57 percent *ad valorem* for AHMSA.

G. Bancomext Export Loans

The Banco Nacional de Comercio Exterior, S.N.C. (Bancomext), also known as the National Bank of Foreign Trade, is a state-owned lending institution that offers financing to producers or trading companies engaged in export activities. Specifically, these U.S. dollar-denominated loans provide financing for working capital (pre-export loans), and export sales (export loans).

During the POR, AHMSA made interest payments on a Bancomext loan that it originally received from the Government bank in 1995. However, the terms of the loan were renegotiated in May of 2000 following AHMSA's entrance into an interest payment suspension. AHMSA had no other loans outstanding with Bancomext as of the end of 2001, the POR. As discussed in further detail below, this Bancomext loan was the only loan that was not covered by the interest payment suspension and, thus, was the only loan on which AHMSA paid interest during the POR.

In the underlying investigation, we determined that, because the loans issued by Bancomext are available only to exporters, this program is specific within the meaning of section 771(5A)(B) of the Act. We further found that loans under this program conferred a benefit and constituted a government financial contribution under sections 771(5)(E)(ii) and 771(5)(D)(i) of the Act, respectively, to the extent that they are provided at rates below those prevailing on comparable commercial loans. See *CTL Plate Investigation*, 58 FR at 37357. We used the same approach in the previous segment of this proceeding. See the "Bancomext Export Loans" section of the Decision Memorandum that accompanied the *1998 Review of CTL Plate*. No new information or evidence of changed circumstances has been presented in this review to warrant reconsideration of these findings. Therefore, for purposes of these preliminary results, we continue to find that lending under this program

constitutes a countervailable export subsidy.

As explained in the *Creditworthiness Memorandum*, on May 25, 1999, AHMSA entered into a court-sanctioned suspension of payments program. Under the suspension of payments program, all payments on AHMSA's commercial debt (*i.e.*, non-government debt) were suspended from May 1999 through 2001, a period which includes the POR. However, during the POR, AHMSA made payments on its outstanding Bancomext loan, pursuant to a May 2, 2000 agreement established between Bancomext and AHMSA. Under this agreement, the terms of AHMSA's Bancomext loan were renegotiated. In particular, the two parties changed the repayment schedule, interest rates, and penalty payment terms. See, *e.g.*, Exhibit 13 of AHMSA's November 25, 2002 questionnaire response.¹¹

As stated above, while the Bancomext loan was originally issued in 1995, the terms of the loan were renegotiated in 2000. Thus, in keeping with the Department's practice, we find that, for purposes of these preliminary results, May 2000 was the effective issuance date of the Bancomext loan. See *e.g.*, *Final Affirmative Countervailing Duty Determination: Certain Stainless Steel Wire Rod From Italy*, 63 FR 40474, 40477 (July 29, 1998). As explained in the *Creditworthiness Memorandum*, we have preliminarily determined that AHMSA could not have obtained long-term loans from conventional commercial sources in 2000. Accordingly, in deriving the benchmark interest rate (*e.g.*, a rate that would have been established in 2000 and remained applicable during the POR) we have used the benchmark methodology for uncreditworthy companies outlined in 19 CFR 351.505(a)(3)(iii).

To determine the benefit conferred under the Bancomext export loan program, we compared the interest rate charged on these loans during the POR to the uncreditworthy benchmark interest rate discussed above. As the interest amounts AHMSA paid in the 2001 POR were less than what AHMSA would have paid on a comparable commercial loan, as indicated by our benchmark interest rate, we preliminarily determine that this program conferred a countervailable benefit upon AHMSA in accordance with section 771(5)(E)(ii) of the Act.

¹¹ Bankcomext officials were able to secure payment from AHMSA, pursuant to the terms of the amended loan agreement. We note that the details of the amended loan agreement are business proprietary, see the "Bancomext" section of the GOM Verification Report.

¹⁰ We note that the small firm classification does not apply to AHMSA.