Dated: June 4, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–357–403]

Oil Country Tubular Goods From Argentina; Preliminary Results of Countervailing Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice of preliminary results of countervailing duty administrative review.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty order on oil country tubular goods (OCTG) from Argentina. For information on the net subsidy, *see* the *Preliminary Results of Review* section of this notice. If the final results remain the same as these preliminary results of administrative review, we will instruct the U.S. Customs Service to assess countervailing duties as indicated in the *Preliminary Results of Review* section of this notice. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: June 13, 1997.

FOR FURTHER INFORMATION CONTACT: Richard Herring, Office of CVD/AD Enforcement VI, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 482–4149.

SUPPLEMENTARY INFORMATION:

Background

On November 27, 1984, the Department published in the **Federal Register** (49 FR 46564) the countervailing duty order on oil country tubular goods (OCTG) from Argentina. On November 5, 1992, the Department published a notice of ''Opportunity to Request an Administrative Review'' (57 FR 52758) of this countervailing duty order. We received a timely request for review from the U.S. Steel Group, a unit of USX Corporation.

We initiated the review, covering the period January 1, 1991 through December 31, 1991, on December 29, 1992 (57 FR 61873). The review covers one producer/exporter, Siderca, which accounts for all exports of the subject merchandise from Argentina, and 20 programs.

On September 17, 1993, the Department received allegations regarding new subsidies from the petitioner in the concurrent 1991 administrative review of cold-rolled carbon steel flat-rolled products from Argentina. After a careful review of the allegations, the Department decided that sufficient information was provided regarding alleged benefits provided under two new programs. These programs were alleged tax concessions provided to the steel industry under the April 11, 1991 Steel Agreement signed between the Government of Argentina and the Argentine steel industry, and preferential natural gas and electricity rates also provided under the Steel Agreement. Although these allegations were not made in this administrative review of OCTG, the allegations did pertain to the steel industry in Argentina. Therefore, the Department deemed it appropriate to seek information on the two alleged programs in this administrative review of OCTG.

On January 1, 1995, the effective date of the *Uruguay Round Agreements Act* of 1994 (the URAA), countervailing duty orders involving World Trade Organization (WTO) signatories which had been issued without an injury determination by the International Trade Commission (ITC), became entitled to an ITC injury determination under section 753 of the URAA. The order on OCTG did not receive an ITC injury investigation and Argentina was a member of the WTO. Therefore, we determined that the countervailing duty order on the subject merchandise was subject to section 753 of the URAA. *See Countervailing Duty Order; Opportunity to Request a Section 753 Injury Investigation*, 60 FR 27963 (May 26, 1995). For the countervailing duty order on OCTG from Argentina, the domestic interested parties exercised their right under section 753(a) of the URAA to request an injury investigation.

The Ceramica Decision by the Court of Appeals for the Federal Circuit

On September 6, 1995, the Court of Appeals for the Federal Circuit in a case involving imports of Mexican ceramic tile, ruled that, absent an injury determination by the ITC, the Department may not assess countervailing duties under 19 U.S.C. 1303(a)(1) (1988, repealed 1994) on entries of dutiable merchandise after April 23, 1985, the date Mexico became ''a country under the Agreement.'' *Ceramica Regiomontana* v. *U.S.*, Court No. 95–1026 (Fed. Cir., Sept. 6, 1995) (*Ceramica*).

Argentina attained the status of ''a country under the Agreement'' on September 20, 1991. Therefore, in consideration of the *Ceramica* decision, the Department, on April 2, 1996, initiated changed circumstances administrative reviews of the countervailing duty orders on Leather, Wool, OCTG, and Cold-Rolled Carbon Steel Flat-Rolled Products (Cold-Rolled Steel) from Argentina, which were in effect when Argentina became a country under the Agreement. *See Initiation of Changed Circumstances Countervailing Duty Administrative Reviews: Leather from Argentina, Wool from Argentina, Oil Country Tubular Goods from Argentina, and Cold Rolled Carbon Steel Flat Products from Argentina* (*Changed Circumstances Reviews*), 61 FR 14553 (April 2, 1996). These reviews focused on the legal effect, if any, of Argentina's status as a ''country under the Agreement,'' and whether the Department has the authority to assess countervailing duties on these orders. Because we had ongoing administrative reviews of the orders on OCTG and Cold-Rolled Steel that covered review periods on or after September 20, 1991, we had to determine whether the Department had the authority to assess countervailing duties on unliquidated entries of subject merchandise occurring on or after September 20, 1991, when Argentina became a ''country under the Agreement'' and before January 1, 1995, that date that Argentina became a ''subsidies Agreement country'' within the meaning of section 701(b) of the URAA.

On April 29, 1997, the Department determined that it lacked the authority to assess countervailing duties on entries of OCTG and Cold-Rolled Steel from Argentina made on or after September 20, 1991 and before January 1, 1995 (62 FR 24639; May 6, 1997). As a result we terminated the pending administrative reviews of the countervailing duty order on OCTG covering 1992, 1993, and 1994, as well as the pending administrative reviews of the countervailing duty order on Cold-Rolled Steel covering 1992 and 1993.

However, because the 1991 review covers a period before Argentina became a ''country under the Agreement,'' we must continue the 1991 administrative review to determine the amount of countervailing duties to be assessed on entries made between January 1, 1991 and September 19, 1991 (*i.e.*, up to the date Argentina became ''a country under the Agreement.'') Pursuant to the

Ceramica decision, entries of subject merchandise made on or after September 20, 1991 will be liquidated without regard to countervailing duties.

Applicable Statute

The Department is conducting this administrative review in accordance with section 751(a) of the Tariff Act of 1930, as amended (the Act). Unless otherwise indicated, all citations to the statute are in reference to the provisions as they existed on December 31, 1994.

Scope of Review

Imports covered by this review are shipments of Argentine oil country tubular goods. These products include finished and unfinished oil country tubular goods, which are hollow steel products of circular cross section intended for use in the drilling of oil or gas, and oil well casing, tubing and drill pipe of carbon or alloy steel, whether welded or seamless, manufactured to either American Petroleum Institute (API) or proprietary specifications. During the review period this merchandise was classifiable under item numbers 7304.20.20, 7304.20.40, 7304.20.50, 7304.20.60, 7304.20.70, 7304.20.80, 7304.39.00, 7304.51.50, 7304.59.60, 7304.59.80, 7304.90.70, 7305.20.40, 7305.20.60, 7305.20.80, 7305.31.40, 7305.31.60, 7305.39.10, 7305.39.50, 7305.90.10, 7305.90.50, 7306.20.20, 7306.20.30, 7306.20.40, 7306.20.60, 7306.20.80, 7306.30.50, 7306.50.50, 7306.60.70, and 7306.90.10 of the Harmonized Tariff Schedule (HTS). The HTS numbers are provided for convenience and Customs purposes. The written description of the scope remains dispositive.

Verification

As provided in section 776 of the Act, we verified information submitted by the Government of Argentina (GOA) and Siderca. We followed standard verification procedures, including meeting with government and company officials, examining relevant accounting and financial records and other original source documents. Our verification results are outlined in the public versions of the verification reports which are on file in the Central Records Unit (Room B–099 of the Main Commerce Building).

Calculation Methodology for Assessment and Cash Deposit Purposes

Because Siderca accounts for virtually all exports of OCTG from Argentina during the period of review, the subsidy rate calculated for Siderca constitutes the country-wide rate.

Analysis of Programs

I. Programs Conferring Subsidies

A. Programs Previously Determined to Confer Subsidies

1. Government Counterguarantees

In 1986, Siderca began to receive funds from an Inter-American Development Bank (IADB) loan. This loan was guaranteed by the Banco Nacional de Desarollo (BANADE). In order to satisfy the IADB's lending requirements, the GOA provided a counterguarantee to BANADE's guarantee, which assured the IADB that the government would reimburse BANADE if Siderca defaulted on the loan and BANADE was required to make the payments. This counterguarantee was provided under the authority of Law 16,432/61 (Article 48), which allows the GOA to back loans to public and private enterprises if the monies will be used for projects the government deems fundamental for the economic development of the country. Because Siderca was able to acquire the counterguarantee, it was able to negotiate a 50 percent reduction in the rate charged by BANADE for the primary loan guarantee. This program was found countervailable in the 1989 administrative review of this order *(see Oil Country Tubular Goods From Argentina, Final Results of Countervailing Duty Administrative Review,* 56 FR 64493 (December 10, 1991) *(1989 OCTG Review)*). No new information or evidence of changed circumstances has been submitted in this proceeding to warrant reconsideration of this program's countervailability.

As we stated in the *1989 OCTG Review,* the Department does not consider loans provided by international lending institutions, such as the IADB, to be countervailable under the U.S. countervailing duty law. However, we do consider that government action taken in connection with such loans is within the purview of the U.S. countervailing duty law. By not charging Siderca a fee for the counterguarantee, despite the fact that a fee is usually charged for a loan guarantee in Argentina, the government took an action that was inconsistent with commercial considerations. The Department further stated that the benefit from the counterguarantee is not the difference between the interest rate on the IADB loan and a commercial benchmark loan because this type of methodology would be tantamount to countervailing the IADB loan itself. We concluded in the *1989 OCTG Review* that the commercial alternative to Siderca would have been to pay the full amount for the guarantee fee charged by BANADE.

To calculate the benefit under this program, we compared the amount of fees Siderca would have paid for the BANADE loan guarantee absent the GOA counterguarantee and subtracted from the amount the actual amount of fees it did pay during the period of review. We then divided the resultant amount by Siderca's total sales during 1991. On this basis, we preliminarily determine the *ad valorem* subsidy to be 0.05 percent for the period of review.

2. Pre-shipment Export Financing

The Central Bank of Argentina provided pre-export financing through a program known as OPRAC–1, as amended by Central Bank Resolution A–1205. Under Resolution A–1205, OPRAC pre-export financing provided 180-day loans with an additional 60 days for repayment. Under this program, two types of pre-shipment export financing were available: ''internal lines'' from Central Bank resources and ''external lines'' from foreign banks. For ''external lines'' pre-shipment export financing, the Central Bank provided a portion of the interest rate, usually three percent, to the private banks as an incentive to extend these lines of credit to exporters. Exporters negotiated the terms of this financing directly with the commercial banks and the Central Bank would then provide the three percent incentive payment to the bank. We found pre-shipment export financing under OPRAC–1 countervailing in the 1987 administrative review of *Certain Cold-Rolled Carbon Steel Flat-Rolled Products From Argentina; Final Results of Countervailing Duty Administrative Review,* 56 FR 28527 (June 21, 1991) *(1987 Cold-Rolled Steel Review).* No new information or evidence of changed circumstances has been submitted to warrant reconsideration of this program's countervailability.

Under this program, Siderca received pre-shipment export loans under ''external lines'' of financing provided by commercial banks. Under this financing program, commercial banks could reduce their lending rates to exporters and keep the three percent interest rebates, or the banks could maintain the commercial interest rates and pass on the rebate from the Central Bank to the exporter. Siderca received loans under this program from January 1, 1991 through March 8, 1991, when the OPRAC program was suspended under Central Bank Communication A–1807.

Siderca struck deals with the commercial banks stipulating that the

intervening commercial bank would pass the three percent rebate to Siderca, while at the same time raising the nominal interest rate charged to Siderca for the pre-shipment loan. Siderca would receive the three percent rebate, in australes, several months after the term of the loan. We verified that Siderca received pre-shipment export financing tied to shipments to specific markets, including exports of OCTG to the United States. Therefore, to calculate the benefit under this program during period of review, we calculated the difference between the commercial interest rates charged by the commercial banks and the net interest rates paid by Siderca after taking into account the three percent interest rebates. We then took the interest savings received by Siderca on its pre-shipment export loans for OCTG exports to the United States and divided that amount by the company's export sales of OCTG to the United States. On this basis, we preliminarily determine the *ad valorem* subsidy to be 0.18 percent for this program during the period of review.

3. Rebate of Indirect Taxes (Reembolso/Reintegro)

The Reembolso program provides a cumulative tax rebate paid upon export and is calculated as a percentage of the f.o.b. invoice price of the exported merchandise. The Department will find that the entire amount of any such rebate is countervailable unless the following conditions are met: (1) The program operates for the purpose of rebating prior stage cumulative indirect taxes and/or import charges; (2) the government accurately ascertained the level of the rebate; and (3) the government reexamines its schedules periodically to reflect the amount of actual indirect taxes and/or import charges paid. In prior investigations and administrative reviews of the Argentina Reembolso program, the Department determined that these conditions have been met, and, as such, the entire amount of the rebate has not been countervailed (*see, e.g., Cold Rolled Carbon Steel Flat-Rolled Products from Argentina, Final Results of Countervailing Duty Administrative Review* (56 FR 28527; June 21, 1991); *Oil Country Tubular Goods from Argentina, Final results of Countervailing Duty Administrative Review* (56 FR 64493; December 10, 1991).

However, once a rebate program meets this threshold, the Department must still determine in each case whether there is an overrebate; that is, the Department must still analyze whether the rebate exceeds the total amount of indirect taxes and import duties borne by inputs that are physically incorporated into the exported product. If the rebate exceeds the amount of allowable indirect taxes and import duties on physically incorporated inputs, the Department will find a countervailable benefit equal to the difference between the Reembolso rebate rate and the allowable rate determined by the Department (*i.e.*, the overrebate).

To determine whether there was an overrebate during the review period, the Department requested the GOA to provide information on any changes to the Reembolso program for OCTG. We verified that the Reembolso program continue to be governed by Decree 1555/86, which modified the program and set precise guidelines to implement the refund of indirect taxes and import charges. This decree established three broad rebate levels covering all products and industry sectors. The rates for levels I, II, and III were 10 percent, 12.5 percent, and 15 percent respectively. The rebate rate for OCTG was at level II at 12.5 percent.

In April 1989, the GOA suspended cash payments of rebates under the Reembolso program. Pursuant to the Emergency Economic Law dated September 25, 1989 (Law 23,697), the suspension of cash payments was continued for an additional 180 days. Rebates accrued during the suspension period were paid in export credit bonds. On March 4, 1990, the entire program was suspended for 90 days by Decree 435/90. Decree 1930/90 suspended payments of the reembolso for an additional 12-month period. Decree 612/91 issued April 10, 1991, reinstated cash payments under the program, but reduced the rates of reimbursement by 33 percent for all products. Therefore, the rebate for OCTG was reduced from 12.5 to 8.3 percent.

In May 1991, Decree 1011/91 was issued. This decree changed the legal structure of the program. Decree 1011/91 changed the rebate system to cover only the reimbursements of indirect local taxes and does not cover import duties, except reimbursement of duties paid on imported products which are re-exported. Decree 1011/91 also set the reembolso rate as that in Decree 612/91. Therefore, during the period of review, rebates were suspended from January through April 10, 1991, and the rebate rate applicable to OCTG exports was 8.3 percent for the rest of the review period.

To determine whether there were overrebates under this program in 1991, we calculated the allowable tax incidence for the subject merchandise for that period. This calculation of the allowable tax incidence was based on a 1991 tax incidence study. We made adjustments in our calculation of the allowable tax incidence for items we determined not to be physically incorporated into the exported OCTG. We then compared this calculation of the allowable tax incidence to the Reembolso rebate of 8.3 percent received on OCTG exports. Based on this comparison, we found that the rebate of taxes did not exceed the total amount of allowable cumulative indirect taxes and/or import charges paid on physically incorporated inputs, and prior stage indirect taxes levied on the exported product at the final stage of production. Therefore, we preliminarily determine that there was no benefit from this program during the review period.

B. New Program Preliminarily Found to Confer Subsidies Preferential Electricity Tariff Rates

Until April 1991, the tariff rates for electricity were set by the government. On April 17, 1991, the GOA published Decree 634/91 which provided for the deregulation of the electricity industry in Argentina. This Decree created two market levels for electricity in Argentina, the wholesale market and the retail market. The wholesale market was comprised of the producers, generators, and distributors of electricity as well as the large individual consumers of electricity. Under Decree 634, the producers and generators would sell electricity through a central dispatch agency. The distributors would then purchase the electricity from this central dispatch agency for delivery to the individual consumer. In order to encourage competition within the wholesale market, a large individual consumer could negotiate a contract with any utility company within the country.

Although large consumers could negotiate contracts for electricity in the wholesale market, the tariff rates charged to individual consumers in the retail market were still set by the government. However, the GOA also took steps to reduce tariff rates in the retail market. On March 27, 1991, the Ministry of Economy published Resolution 194/91 which set new reduced tariff rates for electricity in the retail market in Argentina. These rates applied to residential, commercial and industrial consumers in the retail market for electricity purchased from nationally-owned utility companies.

During the review period, Siderca's price for electricity was set by two different contracts. From January 1, 1991 through March 31, 1991, Siderca's electricity rates were set in a contract

signed with Direccion de Energia de Buenos Aires (DEBA), a branch of the Ministry of Works and Public Utilities of the Province of Buenos Aires. After this contract was signed in 1990, DEBA was split into two entities, Empresa Social de Energia de Buenos Aires (ESEBA), which was responsible for providing electricity to the Province of Buenos Aires and for setting the tariff rates, and DEBA, which was responsible for approving ESEBA's tariff rates.

In April 1991, because of the amount of electricity consumed by Siderca, it qualified as a ''large consumer'' in the wholesale market under Decree 634/91. Therefore, Siderca was eligible to have its tariff rate for electricity determined by negotiations with utility companies. Siderca negotiated and signed an individual contract with ESEBA for the provision of electricity. The effective date of this contract was April 1, 1991. The rates set by the ESEBA contract applied for the rest of the period of review. Because Siderca's electricity rate during the period of review was not set by a published tariff schedule but by individual contracts signed with each utility company, we must determine whether the electricity rates paid by Siderca under the DEBA and ESEBA contracts were preferential.

Prior to the effective date of April 1, 1991 for the ESEBA contract, Siderca's price for electricity was determined by a contract which was signed between Siderca and DEBA. Under the DEBA contract, the price of 70 percent of Siderca's monthly electricity consumption was set by the published tariff rates, while the remaining portion was set by the price in the contract. This pricing scheme was provided by DEBA to other companies in the Province of Buenos Aires in contracts identical to the one signed with Siderca. The DEBA contract was signed on July 12, 1990, and remained in effect until March 31, 1991.

Although individually tailored company contracts with government-owned utility companies are, by definition, specific under section 771(5)(A) of the Act, we must examine the issue of specificity with respect to the DEBA contract because the DEBA contract did not provide an individually-tailored company-specific rate like the rate provided in the ESEBA contract. Instead, the DEBA contract provided the same electricity rate to all the companies which signed a contract identical to the one signed between Siderca and DEBA. Therefore, we must examine the group of companies which signed identical contracts to determine whether the DEBA contract is specific under section 771(5)(A) of the Act.

During our examination of the DEBA contracts at verification, we found that only a very small number of companies had a contract identical to the one signed between Siderca and DEBA (see verification report (public version) at page 17). Therefore, we preliminarily determine that the DEBA contract is specific under section 771(5)(A) of the Act. To determine whether the rates under the DEBA contract were preferential, we compared the rates of electricity in the DEBA contract to the rates in the published tariff schedule for large users. Based upon this comparison, we find that the rates in the DEBA contract are preferential. Therefore, we preliminarily determine that the electricity rates provided to Siderca under the DEBA contract are countervailable.

To calculate the benefit under this program, we calculated the difference between the price of electricity Siderca would have paid based on the published tariff schedule and the price of electricity the company actually paid under the DEBA contract. We then divided the difference by Siderca's total sales in 1991 and calculated an *ad valorem* subsidy rate of 0.26 percent for the period of review. We next had to examine whether the ESEBA contract was countervailable.

An individually tailored contract with a government-owned utility company is by definition specific under section 771(5)(A) of the Act; however, in order for the contract to be countervailable, the rates provided under the contract must be preferential. The preferentiality of individual electricity contracts was an issue in the *Final Affirmative Countervailing Duty Determinations: Pure Magnesium and Alloy Magnesium from Canada,* 57 FR 30946 (July 13, 1992), and in the *Final Results of Changed Circumstances Administrative Reviews: Pure Magnesium and Alloy Magnesium from Canada*). *Magnesium from Canada* described the Department's approach to evaluating whether electricity is being provided on preferential terms.

The first step the Department takes in analyzing the potential preferential provision of electricity is to compare the price charged in the contract with the applicable rate on the utility company's non-specific rate schedule. If the amount of electricity purchased by the company is so great that the rate schedule is not applicable, the Department will examine whether the price charged in the contract is consistent with the utility company's standard pricing mechanism. If the rate charged is consistent with the utility company's standard pricing mechanism, and the company under investigation or review is, in all other respects, treated no differently than other industries which purchase comparable amounts of electricity, then there would be no apparent basis to find the contract preferential.

In *Magnesium from Canada,* the utility company's published tariff schedule did not provide rates for electricity consumers the size of Norsk Hydro Canada Inc. (NHCI), the respondent in that investigation. Therefore, in determining whether NHCI's contract was preferential, the Department had to examine the utility company's standard pricing mechanism. However, in the instant review, we do not need to examine the utility company's standard pricing mechanism because the published tariff rates are applicable to all large users regardless of the amount of electricity consumed by the individual large user. Therefore, we have analyzed the Siderca contract with ESEBA by comparing the price charged with an applicable tariff rate schedule.

As previously stated, Decree 634/91 started the deregulation of the electricity market in Argentina. Under this decree, large consumers, such as Siderca, were free to negotiate individual electricity contracts with any utility company in the country. While the GOA was allowing large consumers to negotiate contracts in the wholesale electricity market, the GOA also reduced the published tariff rates for electricity with the publication of the Ministry of Economy's Resolution 194/91. Resolution 194/91 set the tariff rates for all nationally-owned utility companies in the country. However, these new rates were not applicable to ESEBA because ESEBA was a provincially-owned utility company.

Although Resolution 194/91 for national tariff rates did not apply to ESEBA, these rates were available to Siderca because under Decree 634/91 it could sign a contract for electricity with any nationally-owned utility company in Argentina. Therefore, to determine whether the Siderca contract with ESEBA provided a preferential rate for electricity to Siderca, we compared the electricity rate provided in the ESEBA contract to the published tariff rates in Resolution 194/91 which were in effect during the same time as the ESEBA contract. Based on this comparison, we find that the rates in the ESEBA contract are equal to or higher than the published national tariff rates in Resolution 194/91. Therefore, we preliminarily determine that the contract Siderca signed with ESEBA did not provide electricity at preferential

rates to Siderca and, thus, is not counterviable.

However, we note that this contract expired in 1992, and another contract between Siderca and ESEBA was subsequently negotiated and signed in September 1992, outside the period of review. Because the rates negotiated in the 1992 contract were lower than the rates in the contract in effect during 1991, we will have to reexamine this program in any subsequent administrative review of this order.

II. Program Preliminarily Found Not to Confer Subsidies

Preferential Natural Gas Tariffs

According to the GOA, at the end of 1990, Argentina was emerging from an extended period of hyperinflation. The GOA believed that deregulating and privatizing the large, state-owned utility companies would lead to price stability by introducing competition in the market. The beginning of this deregulation can be found with the passage of Decree 633. Also, within this context, the GOA entered into sectoral agreements with Argentine industries in order to secure commitments from industries that they would hold down prices charged to their customers in order to stabilize the inflation rate within the economy. In exchange for this commitment, the GOA committed itself to broad-based economic reforms, including the maintenance of stable energy prices.

In early 1991, the GOA began the first steps towards deregulating the natural gas market in Argentina. Until April 1991, the GOA set and regulated the tariff rates for natural gas in the country. Prices for natural gas could not deviate from those prices set by the Economy Minister. In April 1991, with the enactment of Decree 633, two separate markets for natural gas were created. The first market was the wholesale market which covered transactions between producers and distributors as well as between producers and large users of natural gas. The other market created by Decree 633 was the retail market which covered sales to residential and commercial consumers. Under Decree 633, companies in the wholesale market were permitted to engage in negotiations and to enter into individual contracts for natural gas.

For the period January 1, 1991 through March 31, 1991, the rates for natural gas paid by Siderca were set through the issuance of tariff schedules. Gas del Estado (GdE) was the sole provider of natural gas through this period. After March 31, 1991, Siderca no longer had its natural gas rates set by tariff resolutions. With the deregulation of the natural gas market under Decree 633, large consumers in the wholesale market could negotiate contracts for natural gas. Siderca, being one of the largest consumers of natural gas in the country, was one of the first industrial consumers to negotiate a separate contract for natural gas.

Because Siderca was a large consumer for natural gas, it qualified as a consumer in the wholesale market. On June 28, 1991, Siderca entered into a requirements contract with GdE, which was made retroactive to April 1, 1991, and remained in effect throughout 1991, the period of review. Under the contract arrangement, Siderca would purchase natural as from a privately-owned company, TECPETROL, and then Siderca would pay GdE for transportation of the natural gas from TECPETROL. Under the contract, there were two different rates for transportation, one rate for the winter and another rate for the rest of the year. If TECPETROL could not supply enough gas to meet all of Siderca's requirements, then, under GdE contract, Siderca would purchase natural gas from GdE to make up the shortfall, at a specified contract rate plus a commission.

The GdE contract provided rates for both the transportation of natural gas and for the supply of natural gas. Therefore, we must determine whether a countervailable benefit was provided to Siderca either in the form of preferential transportation rates or preferential natural gas rates. In order for a non-export program to be countervailable it must meet both the test for specificity and preferentiality. Specificity requires that the program be limited to an enterprise or industry or group of enterprises or industries under section 771(5)(b) of the Act. Because an individually negotiated contract price with a government-owned utility is, by definition, specific to the individual negotiating the contract, we must examine whether the transportation and tariff rate for natural gas provided to Siderca under the GdE contract are preferential to determine whether this program is countervailable. If these rates are not preferential, then the program is not countervailable. If the rates are preferential, then the program is countervailable.

To determine whether a government has provided a good or service, such as natural gas, at preferential rates, the Department generally measures that rate against a nonspecific tariff rate against a nonspecific tariff rate charged to other users of that good or service by the government, or to rates charged for an identical good or service from a private provider. However, in prior cases involving the provision of natural gas or electricity, we have stated that the tariff schedule rate is not necessarily the appropriate benchmark to determine whether a contracted rate is preferential. *See, e.g., Magnesium from Canada.* We stated in *Magnesium from Canada* that if the amount of electricity purchased by a company is so great that the rate schedule is not applicable, we will examine whether the rate charged in a contract is preferential by determining whether the rate is consistent with the utility company's standard pricing mechanism. If the rate charged in a contract is consistent with the standard pricing mechanism used by the utility company to set its tariff rates, then the contract rate is not preferential. Therefore, under the practice set forth in *Magnesium from Canada,* if the contract price is set in a manner consistent with the utility company's standard pricing mechanism for setting tariffs, then the contract rate does not provide a countervailable benefit.

Two years prior to our verification, GdE was privatized. In 1992, two private transporters and eight private distributors purchased the assets of GdE. After its privatization, the cost structure studies used by GdE to propose its tariff rate schedules were destroyed or thrown away. Therefore, we are unable to determine whether GdE used its standard pricing methodology to negotiate its rates and tariffs with companies in the wholesale market. However, the Department may determine whether the provision of a good or service is preferential by comparing the price charged by the government to a price charged by private sellers to buyers in the market for an identical good or service.

Therefore, in order to determine whether the price charged to Siderca for natural gas under the GdE contract is preferential, we compared that price to the price of natural gas charged to Siderca from private companies. In 1991, after the enactment of Decree 633, Siderca also entered into a contract to purchase natural gas from a private producer, TECPETROL. We compared the price of natural gas charged to Siderca from TECPETROL to the price of natural gas charged to Siderca by GdE. Based on this comparison, we determine that the price of natural gas charged by GdE was not preferential and, thus, not countervailable during the review period.

We next had to determine whether the transportation rates for natural gas specified in the GdE contract were preferential. During 1991, there were no

private transporters of natural gas in Argentina. GdE was the sole transporter of natural gas in the country. In addition, there were no separate transportation rates for natural gas in the country until after 1992. During our review period, the published tariff rates for natural gas included the cost for the natural gas, its transportation, and its distribution.

Therefore, because there were no separate rates for transportation in Argentina during the period of review, to determine whether the transportation rates for natural gas charged to Siderca under the GdE contract were preferential, we compared those prices to the transportation cost study conducted by an independent consulting firm, Stone & Webster. Stone & Webster were technical advisors to the GOA in the privatization of GdE.

This Stone & Webster cost study detailed the cost of transporting natural gas from the gas fields to Siderca's plant. We compared the transportation cost detailed in the Stone & Webster study to the price negotiated in the GdE contract. Based upon this comparison, we determined that the price charged to Siderca for transportation of natural gas under the GdE contract was much higher than the gas company's costs and provided a large profit for GdE. Therefore, we preliminarily determine that the transportation rates charged to Siderca in the GdE contract were not preferential, and thus not countervailable, during the review period.

III. Programs Preliminary Found Not To Be Used

We examined the following programs and preliminary find that the producers and/or exporters of the subject merchandise did not apply for or receive benefits under these programs during the period of review:

- Medium- and Long-Term Loans
- Capital Grants
- Income and Capital Tax Exemptions
- Government Trade Promotion Programs
- Exemption from Stamp Taxes Under Decree 186/74
- Incentives for Trade (Stamp Tax Exemption Under Decree 716)
- Incentive for Export
- Export Financing Under OPRAC 1, Circular RF–21
- Pre-Financing of Exports Under Circular RF–153
- Loan Guarantees
- Post-Export Financing Under OPRAC 1–9
- Debt Forgiveness
- Tax Deduction Under Decree 173/85

IV. Program Preliminarily Found Not to Exist

Tax Concessions for the Steel Industry

Petitioners alleged that under Paragraph 8 of the April 11, 1991 Steel Agreement between the GOA and Argentine steel producers that the GOA provides the steel industry with tax concessions. According to the response of the GOA, Paragraph 8 of the Steel Agreement does not provide tax concessions to the steel industry but merely states that the industry's Reembolso level will be studied taking into account the tax incidence of steel producers. For information on the Reembolso/Reintegro program, see the program ''Rebate of Indirect Taxes,'' above. Therefore, we preliminarily determine that there were no new tax concessions provided to the steel industry under the Steel Agreement.

Preliminary Results of Review

For the period January 1, 1991 through December 31, 1991, we preliminarily determine the net subsidy to be 0.49 percent *ad valorem*.

If the final results of this review remain the same as these preliminary results, the Department intends to instruct the U.S. Customs Service to assess countervailing duties of 0.49 percent *ad valorem* on entries of the subject merchandise covered by this administrative review for the period January 1, 1991 through September 19, 1991, and to liquidate all entries made on or after September 20, 1991 through December 31, 1991, without regard to countervailing duties.

Parties to the proceeding may request disclosure of the calculation methodology and interested parties may request a hearing not later than 10 days after the date of publication of this notice. Interested parties may submit written arguments in case briefs on these preliminary results within 30 days of the date of publication. Rebuttal briefs, limited to arguments raised in case briefs, may be submitted seven days after the time limit for filing the case brief. Parties who submit argument in this proceeding are requested to submit with the argument (1) a statement of the issue and (2) a brief summary of the argument. Any hearing, if requested, will be held seven days after the scheduled date for submission of rebuttal briefs. Copies of case briefs and rebuttal briefs must be served on interested parties in accordance with 19 CFR 355.38(e).

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under section 355.38(c), are due.

The Department will publish the final results of this administrative review including the results of its analysis of issues raised in any case or rebuttal brief or at a hearing.

This administrative review and notice are in accordance with section 751(a)(1) of the Act (19 U.S.C. 1675(a)(1)) and 19 CFR 355.22.

Dated: June 4, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97–15607 Filed 6–12–97; 8:45 am]

BILLING CODE 3510–DS–M

DEPARTMENT OF EDUCATION

National Advisory Council on Indian Education

AGENCY: National Advisory Council on Indian Education, ED.

ACTION: Notice of meeting cancellation.

SUMMARY: This notice announces the cancellation of a meeting of the National Advisory Council on Indian Education that was published in the **Federal Register,** Vol. 62, No. 102, page 28841, Wednesday, May 28, 1997. This meeting has been canceled due to the lack of obtaining a quorum for the meeting, which was scheduled for June 11, 1997, 8:30 a.m. to 4:30 p.m.

DATES: JUNE 6, 1997.

FOR FURTHER INFORMATION CONTACT: Dr. David Beaulieu, Director, Office of Indian Education, (202) 260-1516; FAX (202) 260-7779.

David Beaulieu,

Director, Office of Indian Education.

[FR Doc. 97–15469 Filed 6–12–97:8:45 am]

BILLING CODE–4000–01–M

DEPARTMENT OF EDUCATION

National Educational Research Policy and Priorities Board; Meeting

AGENCY: National Educational Research Policy and Priorities Board; Education.

ACTION: Notice of committee meeting.

SUMMARY: This notice sets forth the schedule and proposed agenda of a forthcoming meeting of the Program Committee of the National Educational Research Policy and Priorities Board. Notice of this meeting is required under Section 10(a)(2) of the Federal Advisory Committee Act. This document is