

on-steel cookingware from Mexico. We preliminarily determine the net subsidy to be *de minimis* for Acero Porcelanizado, S. A. de C.V. (APSA) and 0.53 percent *ad valorem* for all other companies for the period January 1, 1993 through December 31, 1993. If the final results remain the same as these preliminary results of administrative review, we will instruct U.S. Customs Service to assess countervailing duties as indicated above. Interested parties are invited to comment on these preliminary results.

EFFECTIVE DATE: August 2, 1995.

FOR FURTHER INFORMATION CONTACT: Norma Curtis or Kelly Parkhill, Office of Countervailing Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; Telephone: (202) 482-2786.

SUPPLEMENTARY INFORMATION:

Background

On December 12, 1986, the Department published in the **Federal Register** (55 FR 51139) the countervailing duty order on porcelain-on-steel cookingware from Mexico. On November 26, 1993, the Department published in the **Federal Register** a notice of "Opportunity to Request Administrative Review" (58 FR 62326) of this countervailing duty order. We received a timely request for review from APSA, a respondent company.

We initiated the review, covering the period January 1, 1993 through December 31, 1993 (POR), on January 18, 1994 (59 FR 2593). We conducted a verification of the questionnaire responses on September 7, 1994 through September 14, 1994. The review covers two manufacturers/exporters of the subject merchandise, APSA and Cinsa, S.A. de C.V. (Cinsa), which accounted for all exports of POS cookware during the POR and ten programs.

Applicable Statute and Regulations

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 and to the Department's regulations are in reference to the provisions as they existed on December 31, 1994.

Scope of the Review

Imports covered by this review are shipments of porcelain-on-steel cookingware from Mexico. The products are porcelain-on-steel cookingware (except teakettles), which do not have

self-contained electric heating elements. All of the foregoing are constructed of steel, and are enameled or glazed with vitreous glasses. During the review period, such merchandise was classifiable under item number 7323.94.0020 of the *Harmonized Tariff Schedule* (HTS). The HTS item number is provided for convenience and Customs purposes. The written description remains dispositive.

Calculation Methodology for Assessment and Cash Deposit Purposes

We calculated the net subsidy on a country-wide basis by first calculating the subsidy rate for each company subject to the administrative review. We then weight-averaged the rate received by each company using as the weight its share of total Mexican exports to the United States of subject merchandise, including all companies, even those with *de minimis* and zero rates. We then summed the individual companies' weight-averaged rates to determine the subsidy rate from all programs benefitting exports of subject merchandise to the United States.

Since the country-wide rate calculated using this methodology was above *de minimis*, as defined by 19 CFR § 355.7 (1994), we proceeded to the next step and examined the net subsidy rate calculated for each company to determine whether individual company rates differed significantly from the weighted-average country-wide rate, pursuant to 19 CFR § 355.22(d)(3). APSA had a significantly different net subsidy rate during the review period pursuant to 19 CFR § 355.22(d)(3). This company is treated separately for assessment and cash deposit purposes. All other companies are assigned the country-wide rate.

Analysis of Programs

I. Programs Conferring Subsidies

A. Programs Previously Determined to Confer Subsidies

1. BANCOMEXT Financing for Exporters

Banco Nacional de Comercio Exterior, S.N.C. (Bancomext) is a government program through which short-term financing is provided to producers or trading companies engaged in export activities. In order to be eligible for Bancomext financing a company must be established according to Mexican law, 30 percent Mexican national owned, and be an exporter. Bancomext provides two types of financing to exporters, denominated in either U.S. dollars or in Mexican pesos: working capital (pre-export loans), and loans for

export sales (export loans). In addition, Bancomext may provide financing to foreign buyers of Mexican goods and services.

The Department has previously found this program to confer an export subsidy to the extent that the loans are provided at preferential terms (*See Porcelain-on-Steel Cookingware From Mexico; Preliminary Results of Countervailing Duty Administrative Review* (56 FR 48163; September 24, 1991) and *Porcelain-on-Steel Cookingware From Mexico; Final Results of Countervailing Duty Administrative Review* (57 FR 562; January 7, 1992)). In this review the Government of Mexico provided no new information that would lead the Department to alter that determination.

Both APSA and Cinsa had Bancomext loans on which interest was due during the POR. We found that the annual interest rates that Bancomext charged to borrowers for certain loans on which interest payments were due during the review period were lower than the commercial rates. The dollar-denominated Bancomext loans under review were granted at annual interest rates ranging from 6.0 percent to 8.75 percent. For these loans, we used the average quarterly weighted-average effective interest rates published in the Federal Reserve Bulletin, which resulted in an annual average benchmark of 6.5 percent in 1993. This is the same benchmark calculation methodology that has been applied in prior reviews (*See Porcelain-on-Steel Cookingware From Mexico; Preliminary Results of Countervailing Duty Administrative Review* (56 FR 48163; September 24, 1991) and *Porcelain-on-Steel Cookingware From Mexico; Final Results of Countervailing Duty Administrative Review* (57 FR 562; January 7, 1992)).

The peso-denominated Bancomext pre-export loan under review was granted at an annual interest rate of 14.8 percent. As a basis for our benchmark for this loan, we have relied in part on the effective rates for the years 1981 through 1984, as published monthly in the Banco de Mexico's Indicadores Economicos y Moneda (I.E.), because the Banco de Mexico stopped publishing data on nominal and effective commercial lending rates in Mexico after 1984. We calculated the average difference between the I.E. effective interest rates and the Costo Porcentual Promedio (CPP) rates, the average cost of short-term funds to banks, for the years 1981 through 1984. We added this average difference to the 1993 average annual CPP rates. For the peso-denominated loan on which interest was due during 1993, we