FOR FURTHER INFORMATION CONTACT: Judy Kornfeld or Rick Herring, 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 May 22, 1995, the Department published in the Federal Register (60 FR 27080) the preliminary results of its administrative review of the countervailing duty order on extruded rubber thread from Malaysia. The Department has now completed this administrative review in accordance with section 751 of the Tariff Act of 1930, as amended (the Act).

We invited interested parties to comment on the preliminary results. On June 21, 1995, a case brief was submitted by the Government of Malaysia (GOM) and Heveafil Sdn. Bhd., (Heveafil), Filmax Sdn. Bhd. (Filmax), Rubberflex Sdn. Bhd. (Rubberflex), Filati Lastex Elastofibre Sdn. Bhd., (Filati) and Rubfil Sdn. Bhd. (Rubfil), producers of the subject merchandise which exported extruded rubber thread to the United States during the review period (respondents). The review covers the period January 1, 1993 through December 31, 1993. The review involves 5 companies and 12 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. However, references to the Department's Countervailing Duties; Notice of Proposed Rulemaking and Request for Public Comments, 54 FR 23366 (May 31, 1989) (Proposed Regulations), are provided solely for further explanation of the Department's countervailing duty practice. Although the Department has withdrawn the particular rulemaking proceeding pursuant to which the *Proposed* Regulations were issued, the subject matter of these regulations is being considered in connection with an ongoing rulemaking proceeding which, among other things, is intended to conform the Department's regulations to the Uruguay Round Agreements Act. See 60 FR 80 (Jan. 3, 1995).

### Scope of the Review

Imports covered by this review are shipments of extruded rubber thread from Malaysia. Extruded rubber thread is defined as vulcanized rubber thread obtained by extrusion of stable or concentrated natural latex of any cross sectional shape; measuring from 0.18 mm, which is 0.007 inch or 140 gauge, to 1.42 mm, which is 0.056 inch or 18 gauge, in diameter. Such merchandise is classifiable under item number 4007.00.00 of the Harmonized Tariff Schedule (HTS). The HTS item number is provided for convenience and Customs purposes. The written description is 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 Malaysian 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).

None of the companies had net subsidy rates which were significantly different pursuant to 19 CFR 355.22(d)(3). Therefore, all companies are assigned the country-wide rate.

#### **Analysis of Programs**

Based upon our analysis of our questionnaire and written comments from the interested parties we determine the following:

## I. Programs Conferring Subsidies

#### 1. Export Credit Refinancing

In the preliminary determination we found that this program conferred countervailable benefits on the subject merchandise. Our analysis of the comments submitted by the interested parties, summarized below, has not led us to reconsider our findings in the preliminary determination. On this

basis, the net subsidy for this program is 0.72 percent.

# 2. Pioneer Status

In the preliminary determination we found that this program conferred countervailable benefits on the subject merchandise. Our analysis of the comments submitted by the interested parties, summarized below, has not led us to reconsider our findings in the preliminary determination. On this basis, the net subsidy for this program is 0.28 percent.

#### II. Programs Found Not to be Used

In the preliminary determination, we found the following programs to be not used:

- 1. Investment Tax Allowance
- 2. Abatement of Five Percent of Taxable Income Due to Location in a Promoted Industrial Area
- 3. Allowance of a Percentage of Net Taxable Income Based on the F.O.B. Value of Export Sales
- 4. Double Deduction of Export Credit Insurance Payments
- Abatement of Taxable Income of Five Percent of Adjusted Income of Companies Due to Capital Participation and Employment Policy Adherence
- 6. Preferential Financing for Bumiputras
- 7. Abatement of Income Tax Based on the Ratio of Export Sales to Total Sales
- 8. Industrial Building Allowance
- 9. Double Deduction for Export Promotion Expenses

Our analysis of the comments submitted by the interested parties, summarized below, has not led us to reconsider our findings in the preliminary determination.

# III. Programs Found to be Terminated

In the preliminary determination we found the following program to be terminated and not to provide any residual benefits:

 Abatement of Five Percent of the Value of Indigenous Malaysian Materials Used in Exports.

Our analysis of the comments submitted by the interested parties, summarized below, has not led us to reconsider our findings in the preliminary determination.

# **Analysis of Comments**

Comment 1: Respondents allege that the Department initiated the original investigation pursuant to Section 303(a)(2) of the Act, and, therefore, the Department can impose countervailing duties under this section only if there is an injury determination by the International Trade Commission (ITC).