Department's Position: Section 776 of the Act provides that if the Department "is unable to verify the accuracy of the information submitted, it shall use the best information available (BIA) to it as the basis for its action." During verification, the Department verifiers learned of a government practice of paying benefits under Categories A and B of the General Export Incentive Scheme with promissory notes. The Department verified the promissory note practice both at the companies and the government. However, after completing verification at the companies' offices, the verifiers discovered at the government offices several promissory notes which had been issued to Samancor and Ferralloys in accordance with this practice as payment of benefits under Categories A and B of the General Export Incentive Scheme. Although the Department had previously found the Categories A and B programs countervailable (see Ferrochrome from South Africa; Final Results of Countervailing Duty Administrative Review (56 FR 33254; July 19, 1991)), these notes had been neither reported in the questionnaire responses nor presented at verification by the companies as Categories A and B benefits.

While the Department has determined that the omission from the questionnaire responses of information about the promissory note practice is not a sufficient basis to question the reliability of the entire response, with regard to benefits from the Categories A and B programs, the inconsistencies at verification between the information presented by the government and the information presented by the companies is a sufficient basis for Department to rely on BIA. Since the only information on the record regarding these promissory notes is the information collected at verification at the government, the Department decided to use it as BIA in the preliminary results, and has not changed that determination for these final results.

With regard to the respondents' request that the Department solicit additional information about the promissory notes, the appropriate time for submission of information on benefits received was in the questionnaire responses, or prior to the deadline for the timely submission of factual information (the earlier of 180 days from initiation of the administrative review or issuance of the preliminary results of review)(see 19 CFR 355.31(a)(1)(ii)). In this instance, that information could have been presented even at verification, when the Department accepted newly- presented information about the promissory note practice and the benefits conferred by these promissory notes in particular. The purpose of verification is to determine that submitted information has been completely and accurately reported. Further explanation of these notes after verification would involve consideration by the Department of information that the Department did not have the opportunity to verify.

Comment 4: Samancor argues that the Department should not treat the Industrial Development Corporation (IDC) loan that Middleburg Steel and Alloys (MS&A) received as a long-term loan, but as a short-term loan of nine months' duration because Barlow Rand, Ltd., the parent company of MS&A, sold the ferrochrome operation to Samancor during the review period, but retained the loan obligation. Samancor further argues that in the calculation of benefits from the fixed-rate portion of the loan, the Department should have used as its benchmark the 3-year Eskom rate, rather than the Company Loan Securities rate. Respondent argues that if the appropriate benchmark and short-term loan methodology are used, no countervailable benefit results from the fixed-rate portion of the loan. Respondent argues further that, if the Department persists in using the longterm loan methodology and the company loan securities rate as the benchmark, the Department must correct significant errors made in the calculations.

Department's Position: The IDC loan in question is a long-term loan because, when issued, the loan had a term of 7 years. The type of bounty or grant did not change as a result of events affecting the company's corporate structure. As a result of the sale of MS&A during the POR, and the retention of this loan liability by MS&A's parent after the sale, MS&A was only responsible for making interest and principal payments on the loan for 9 months during the review period; however, this does not change the terms of the loan, from a long-term loan to a short-term loan. Therefore, we apply the long-term loan methodology (as outlined in the Proposed Regulations (54 FR 23366, 23384)) to measure the benefit to MS&A for those nine months.

In the absence of contemporaneous commercial borrowing by the company, and consistent with the *Proposed Regulations* (§ 355.44(b)(4)(iv), 54 FR at 23380), the Department used as the benchmark the Company Loan Securities rate, a national average longterm rate as reported in the Quarterly Bulletin of the South African Reserve Bank. With regard to the use of the 3year Eskom rate as a benchmark, the Department did not adopt it for two reasons. First, this rate is only a 3-year rate, and the loan's term is 7 years. Second, this rate does not represent the cost of commercial borrowing in South Africa, but the rate at which the government-owned power company raises capital by issuing 3-year bonds. Therefore, it is an inappropriate benchmark for purposes of this analysis.

We have, however, corrected the calculations for the errors noted by respondents. As a result, we determine the bounty or grant attributable to the IDC loan program to be zero for CMI and 0.09 percent *ad valorem* for all other companies.

In our preliminary results, we found that the corporate restructuring resulted in the loan no longer being subject to review and stated we would not include in our calculation of the rate of cash deposit of estimated countervailing the bounty or grant conferred by this loan. However, in these final results, we have determined that neither the corporate restructuring, nor the subsequent repayment of the loan during the period of review, meet the requirements for a program-wide change as articulated in § 355.50 of the Department's Proposed *Regulations*. The *Proposed Regulations* define a program-wide change as "(1) [n]ot limited to an individual firm or firms; and (2) [e]ffectuated by an official act such as the enactment of a statute. regulation, or decree, or contained in the schedule of an existing statute, regulation, or decree''(54 FR at 23385). Because the Department has no verified information indicating that the Industrial Development Corporation loan program has been terminated, there is no reason to remove this amount from the cash deposit rate. Accordingly, no adjustment has been made to the cash deposit rate for this program in these final results. However, since we verified that Categories A and B have been terminated, and there are no residual benefits, we are adjusting the cash deposit rate to reflect this program-wide change.

Final Results of Review

As a result of our review, we determine the total bounty or grant to be zero for CMI, and 0.81 percent *ad valorem* for all other companies for the period January 1, 1991 through December 31, 1991. The bounty or grant attributable to each program is as follows: