

Signed at Washington, DC, this 20th day of June 1997.

**Jeffrey P. Bialos,**

*Acting Assistant Secretary of Commerce for Import Administration, Alternate Chairman, Foreign-Trade Zones Board.*

Attest:

John J. Da Ponte, Jr.,

*Executive Secretary.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-559-001]

#### **Certain Refrigeration Compressors From the Republic of Singapore: Final Results of Countervailing Duty Administrative Review**

**AGENCY:** International Trade Administration/Import Administration/Department of Commerce.

**ACTION:** Notice of Final Results of Countervailing Duty Administrative Review.

**SUMMARY:** On August 29, 1996, the Department of Commerce published the preliminary results of its administrative review of the agreement suspending the countervailing duty investigation on certain refrigeration compressors from the Republic of Singapore.

In our preliminary results of review, we preliminarily determined that the signatories to the suspension agreement complied with the terms of the suspension agreement during the period of review. We gave interested parties an opportunity to comment on our preliminary results.

We have now completed this review, the twelfth review of this Agreement, and determine that the Government of the Republic of Singapore (GOS), Matsushita Refrigeration Industries (Singapore) Pte. Ltd. (MARIS), and Asia Matsushita Electric (Singapore) Pte. Ltd. (AMS), the signatories to the suspension agreement, have complied with the terms of the suspension agreement during the period April 1, 1994 through March 31, 1995. Based on our analysis of the comments received, we have changed the results from those presented in the preliminary results of review.

**EFFECTIVE DATE:** July 3, 1997.

**FOR FURTHER INFORMATION CONTACT:** Robert Bolling or Jean Kemp, Office of AD/CVD Enforcement, Group III, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230; telephone: (202) 482-3793.

## SUPPLEMENTARY INFORMATION:

### **Applicable Statutes and Regulations**

Unless otherwise indicated, all citations to the statute and to the Department's regulations are in reference to the provisions as they existed on or after January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Tariff Act) in accordance with the Uruguay Round Agreements Act (URAA).

### **Background**

On August 29, 1996, the Department of Commerce (the Department) published in the **Federal Register** (61 FR 45402-04) the preliminary results of its administrative review of the agreement suspending the countervailing duty investigation on certain refrigeration compressors from the Republic of Singapore (48 FR 51167, November 7, 1983). We received comments from interested parties on our preliminary results. Also, the Department sent out supplemental questionnaires on December 10, 1996 and January 14, 1997, to obtain additional information on the Finance and Treasury Center (FTC) program. Petitioner provided comments to respondents' supplemental questionnaires on January 8 and February 5, 1997. We have now completed this administrative review in accordance with section 751 of the Tariff Act of 1930.

### **Scope of the Review**

Imports covered by this review are shipments of hermetic refrigeration compressors rated not over one-quarter horsepower from Singapore. This merchandise is currently classified under *Harmonized Tariff Schedule* (HTS) item number 8414.30.40. The HTS item number is provided for convenience and Customs purposes. The written description remains dispositive.

The review covers the period April 1, 1994 through March 31, 1995, and includes three programs. The review covers one producer and one exporter of the subject merchandise, MARIS and AMS, respectively. These two companies, along with the GOS, are the signatories to the suspension agreement.

Under the terms of the suspension agreement, the GOS agrees to offset completely the amount of the net bounty or grant (subsidy) determined by the Department in this proceeding to exist with respect to the subject merchandise. The offset entails the collection by the GOS of an export charge applicable to the subject merchandise exported on or after the

effective date of the agreement. See *Certain Refrigeration Compressors from the Republic of Singapore: Suspension of Countervailing Duty Investigation*, 48 FR 51167, 51170 (November 7, 1983).

### **Analysis of Comments Received**

We preliminarily determined that the signatories to the suspension agreement complied with the terms of the suspension agreement during the period of review (POR). We invited interested parties to comment on the preliminary results. We received comments from the respondents, MARIS and AMS, and the petitioner, Tecumseh Products Company.

Respondents argue that the FTC program is not countervailable for three reasons: (1) it is associated only with services, not goods; (2) its benefits are "tied" to the provision of financial services to entities outside Singapore and therefore the subsidy does not benefit subject merchandise; and (3) it is not specific. We address each of these arguments as separate comments below.

*Comment 1:* Respondents state that only services provided to offshore companies can receive preferential tax treatment under the FTC program. Because the FTC program is tied to these services, they argue, it is not possible for the subject merchandise to receive countervailable benefits from AMS's FTC program. Respondents note that the FTC program approval letter authorizing AMS to be taxed at a concessionary rate on profits from the provision of these services states that "the qualifying network companies shall be the subsidiaries, branches, associates or related companies outside Singapore," which have received approval from the proper authority in Singapore for the purposes of the FTC incentive.

Respondents argue that the GOS stated in its questionnaire response that "the tax benefits of the program explicitly do not, by law and under the terms of AMS' FTC approval, benefit either MARIS or the subject merchandise." Respondents note that the Department has found in previous cases that where a company receives a grant on terms that prevent any benefit from flowing to the subject merchandise, the program does not provide a countervailable benefit. See *Live Swine from Canada, Preliminary Results of Countervailing Duty Administrative Review*; 61 FR 26879 (May 29, 1996). Also, respondents point out that the Department determined that equity infusions which were made to VEW, a related company that did not produce subject merchandise, were specifically tied by law to VEW, and

hence could not benefit the subject merchandise. See, *Certain Carbon Steel Products from Austria, Final Determination* ("Austrian Steel"); 50 FR 33369 (August 19, 1985). Lastly, respondents state that the Department determined that where the "export subsidies are explicitly tied to non-subject merchandise (i.e., export to third countries), \* \* \* the subsidies do not benefit subject merchandise," and hence are not countervailable. See *Roses and Other Cut Flowers from Colombia; Miniature Carnations from Colombia, Final Results of Countervailing Duty Administrative Reviews of Suspended Investigations* ("Flowers"), 61 FR 45941 (August 30, 1996).

Petitioner argues that the tax savings received by AMS are not "tied" to FTC centers, but rather accrue to the company as a whole and thus to all goods manufactured, produced or exported by the company. Petitioner argues that the Department's treatment of the FTC program (i.e., tax relief) is similar to a grant program countervailed in *Certain Hot-Rolled Lead and Bismuth Carbon Steel Products from the United Kingdom, Final Results*, 60 FR 54841 (October 26, 1995). In that case, the Department stated that "the grants benefit the entire operations of the company and are appropriately allocated to total sales of the company." 60 FR at 54841. Additionally, petitioner states that the administrative decisions cited by respondents are inapplicable to this case. For example, *Live Swine from Canada* involved "interest-free cash advances on loans" that are made pursuant to legislation that "specifically state[s] that the advances are to be used for crops that are sold, not used on the farm." Petitioner states that this arrangement tied benefits to specific products, whereas the savings from the FTC's program's concessionary tax rate flow to the company and all its products. Although the Department rejected a claim in *Austrian Steel* that a specifically tied subsidy program should be countervailed against the company as a whole, the FTC program, petitioner claims, is not a specifically tied program. Petitioner maintains that benefits received by AMS (i.e., increased net income) are not specifically tied by law, but accrue to the entire company. Finally, petitioner argues that *Flowers* is also inapplicable to this case. In *Flowers*, petitioner notes, the Department did not allocate tied benefits across the subject company's total sales; in this case, petitioner claims, the benefits are untied, and therefore do accrue to the entire company. Thus, petitioner asserts that

the Department correctly applied its methodology and allocated the benefit received by AMS to that company's total sales.

**Department's Position:** The information on the record does not support a finding that the preferential tax treatment authorized for certain services performed by AMS' FTC bestows a countervailable benefit on the production or exportation of the subject merchandise. The Singapore Income Tax Act, Section 43G (Singaporean law) specifies that an "FTC may provide qualifying activities carried out on its own account as may be prescribed or such prescribed qualifying services as may be provided to its offices and associated companies where such offices and associated companies are outside of Singapore." All of the affiliated parties which qualified for these services were located outside of Singapore. Furthermore, the record indicates that: (1) Singaporean law does not permit AMS to claim preferential tax treatment on financial transactions for entities located in Singapore; (2) under the Singaporean Income Tax Code, it would be tax fraud if AMS attempted to take a tax benefit for an unqualified transaction involving the subject merchandise; and (3) the GOS does not permit preferential tax treatment under the FTC program for any activities conducted with regard to the sale, production, or export of the subject merchandise or any merchandise produced in Singapore.

Because preferential tax treatment under the FTC program is provided solely for income derived from financial services performed for affiliated companies located outside of Singapore, and because these types of financial services for which preferential tax treatment can be claimed are not the types of services applicable to the production or sale of merchandise, there is no basis for determining that the preferential tax treatment of FTC income bestows a countervailable subsidy on the subject merchandise.

Petitioner's claim, that the benefits from the FTC tax program are not tied to FTC centers, is based on the theory that any tax savings accrue to the company as a whole, and thus, in part, to subject merchandise. Petitioner appears to be arguing that a subsidy provided to certain specified service activities of a firm, as opposed to certain specified production activities of a firm, must always be attributed to the merchandise produced and sold by a firm, and must, therefore always be countervailed.

We do not disagree with petitioner that there are financial services that are

undertaken during the course of producing and selling merchandise (such as financing of input purchases, financing of sales, financing the purchase of capital equipment among many others). Specific benefits bestowed for the performance of these types of services could certainly be attributed to production and sales of merchandise. However, as noted above, the concessionary tax rate authorized for AMS's FTC income does not include preferential tax treatment of financial services with respect to production or sale of merchandise produced in Singapore. Because the GOS does not allow preferential tax treatment of any AMS' FTC services provided in connection with companies producing or selling merchandise in Singapore, we find that the FTC program does not confer a countervailable subsidy on the production or export of subject merchandise.

**Comment 2:** Respondents argue that the suspension agreement, U.S. law, and the WTO Agreements all provide that countervailing duties only may be imposed with regard to goods, and not services, and that thus the FTC program is not countervailable because it pertains to services, and not manufactured goods.

Petitioner argues that the statute requires the Department to countervail benefits received by a company in the form of reduced taxation, without regard to whether those benefits are provided for production. Thus, petitioner asserts, current U.S. law allows the Department to countervail benefits such as those conferred by the FTC program. Therefore, petitioners argue, the Department can countervail tax savings AMS derives from its income received from the FTC program.

**Department's Position:** We agree that benefits associated with certain financial services may bestow a countervailable subsidy on subject merchandise under certain conditions. However, in this case, there is no countervailable benefit on subject merchandise, as explained in the *Department's Position on Comment 1* above.

**Comment 3:** Respondents argue that the Department should revisit its earlier determination regarding the specificity of the FTC program and find the program not specific based on the greater number of companies receiving tax benefits under the FTC program in the tenth review, on the extent of diversification of economic activities within the jurisdiction of the authority providing the subsidy, and the length of time during which the subsidy program has been in operation.

Petitioner cites section 1677(5A) of the Act and section 355.43(b) of the Department's proposed regulations, and affirms that the FTC program is specific and countervailable by virtue of being used by what is still a limited number of companies and industries.

*Department's Position:* The Department previously found benefits from the FTC program to be specifically provided. See, *Certain Refrigeration Compressors from the Republic of Singapore; Final Results of Countervailing Duty Administrative Review*, 61 FR 10315 (March 13, 1996) and *Certain Refrigeration Compressors from the Republic of Singapore; Final Results of Countervailing Duty Administrative Review*, 61 FR 44296 (August 28, 1996). However, because we have found that the program does not bestow a countervailable subsidy on the subject merchandise, we need not address the comments on specificity raised by respondents and petitioner in this review. Please see *Department's Position on Comment 1* above.

#### Final Results of Review

We determine that the signatories to the suspension agreement have complied with the terms of the suspension agreement, including the payment of the provisional export charge for the review period. From April 1, 1994, through March 31, 1995, a rate of 5.52 percent was in effect.

We determine the net subsidy to be 1.80 percent of the f.o.b. value of the merchandise for the April 1, 1994 through March 31, 1995 review period. Following the methodology outlined in section B.4 of the agreement, the Department determines that, for the period of review, a negative adjustment may be made to the provisional export charge rate in effect. The adjustment will equal the difference between the provisional rate in effect during the review period and the rate determined in this review, plus interest. For this period the GOS may refund or credit, in accordance with section B.4.c of the agreement, the difference to the companies, plus interest, calculated in accordance with section 778(b) of the Tariff Act.

The Department intends to notify the GOS that the provisional export charge rate on all exports of the subject merchandise to the United States with

Outward Declarations filed on or after the date of publication of the final results of this administrative review shall be 1.80 percent of the f.o.b. value of the merchandise.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 355.34(d). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act (19 U.S.C. 1675(a)(1)) and section 355.22 of the Department's regulations (19 CFR 355.22(1994)).

Dated: June 25, 1997.

**Robert S. LaRussa,**

*Acting Assistant Secretary for Import Administration.*

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#### DEPARTMENT OF COMMERCE

##### National Institute of Standards and Technology

##### National Fire Codes: Request for Proposals for Revision of Codes and Standards

**AGENCY:** National Institute of Standards and Technology, Commerce.

**ACTION:** Notice of request for proposals.

**SUMMARY:** The National Fire Protection Association (NFPA) proposes to revise some of its fire safety codes and standards and requests proposals from the public to amend existing NFPA fire safety codes and standards. The purpose of this request is to increase public participation in the system used by NFPA to develop its codes and standards.

The publication of this notice of request for proposals by the National Institute of Standards and Technology (NIST) on behalf of NFPA is being undertaken as a public service. NIST does not necessarily endorse, approve, or recommend any of the standards referenced in the notice.

**DATES:** Interested persons may submit proposals on or before the dates listed with the standards.

**ADDRESSES:** Casey C. Grant, Secretary, Standards Council, NFPA, 1 Batterymarch Park, Quincy, Massachusetts 02269-9101.

**FOR FURTHER INFORMATION CONTACT:** Casey C. Grant, Secretary, Standards Council, at above address, (617) 770-3000.

#### SUPPLEMENTARY INFORMATION:

##### Background

The National Fire Protection Association (NFPA) develops fire safety codes and standards which are known collectively as the National Fire Codes. Federal agencies frequently use these codes and standards as the basis for developing Federal regulations concerning fire safety. Often, the Office of the **Federal Register** approves the incorporation by reference of these standards under 5 U.S.C. 552(a) and 1 CFR Part 51.

##### Request for Proposals

Interested persons may submit amendments, supported by written data, views, or arguments to Casey C. Grant, Secretary, Standards Council, NFPA, 1 Batterymarch Park, Quincy, Massachusetts 02269-9101. Proposals should be submitted on forms available from the NFPA Codes and Standards Administration Office.

Each person must include his or her name and address, identify the document and give reasons for the proposal. Proposals received before or by 5:00 PM local time on the closing date indicated will be acted on by the Committee. The NFPA will consider any proposal that it receives on or before the date listed with the codes or standard.

At a later date, each NFPA Technical Committee will issue a report which will include a copy of written proposals that have been received and an account of their disposition of each proposal by the NFPA Committee as the Report on Proposals. Each person who has submitted a written proposal will receive a copy of the report.

**Authority:** 15 U.S.G. 272.

Dated: June 26, 1997.

**Elaine Buntin-Mines,**  
*Director, Program Office.*

NFPA No.	Title	Proposal closing date
NFPA 11A-1994 .....	Medium- and High-Expansion Foam Systems .....	8/1/97
NFPA 13-1996 .....	Installation of Sprinkler Systems .....	1/2/98
NFPA 13D-1996 .....	Installation of Sprinkler Systems in One- and Two-Family Dwellings and Manufactured Homes.	1/2/98