assessment of double antidumping duties.

This administration review and notice are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: September 2, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

Attachment I

Companies Listed in the *Initiation Notice* that are Subject to the PRC-Wide Rate (97 Companies):

ADP (Ningbo, PRC)
ADP Shanghai
Allock Ltd.
Amstar Business Company Limited
Anyway International Trading & Manufacturing Co., Ltd.
Aroma Consumer Products (Hangzhou) Co., Ltd.
Candle World Industrial Co.
China Hebei Boye Great Nation Candle Co., Ltd.
China Overseas Trading Dalian Corp.
China Packaging Import & Export Liaoning Co.
China Xinxing Zhongyuan (Wuhan) Imp. & Exp.
CNACC (Zhejiang) Imports & Export Co., Ltd.
Cnart China Gifts Import & Export Corp.
Dandong Hengtong Handicraft Article Co., Ltd.
Dandong Hengtong Handicraftarticle Co., Ltd.
DDP Qingdao
Dongijeng Fecund Imp. & Exp. Co., Ltd.
Ever-gain Industrial Co.
Excel Network Limited
Far Going Candle Gifts Co., Ltd.
Fu Kit
Fujian Provincial Arts & Crafts Imp. & Exp. Corp.
Fushun Candle Corporation
Fushun Economy Development Zone Xinyang Candle Factory
Fushun Huaiyuan Wax Products Co., Ltd.
Fushun Yuanhang Paraffin Products Industrial Company
Fushun Yuhua Crafts Factory
Gansu Textiles Imp. & Exp. Corp.
Green Islands Industry Shanghai Co., Ltd.
Huangyan Imp. & Exp. Corp.
Huangyan Imp. & Exp. Corp.
Jason Craft Corp.
Jiangsu Holly Corporation
Jiangsu Yixing Foreign Trade Corp.
Jilin Province Arts and Crafts
Jintan Foreign Trade Corp.
Kingking A.C. Co., Ltd.
Kuehne & Nagel (Hon Kong) Beijing
Kwung's International Trade Co., Ltd.
LI & Fung Trading Ltd.
Liaoning Arts & Crafts Import & Export
Liaoning Light
Liaoning Light Industrial Products Import & Export Corp.
Liaoning Native Product Import & Export Corporation, Ltd.
Liaoning Province Building Materials Industrial Im
Liaoning Xinyuan Textiles Import and Export
Lu Ke Trading Co., Ltd.
Ningbo Free Trade Zone Weicheng Trading Co., Ltd.
Ningbo Free Zone Top Rank Trading Co.
Ningbo Kwung's Giftware Co., Ltd.
Ningbo Kwung's Import & Export Co.
Ningbo Sincere Designers & Manufacturers Ltd.
Qingdao Allite Radiance Candle Co., Ltd.
Qingdao Happy Chemical Products Co., Ltd.
Quanzhou Wenbao Light Industry Co.
Red Sun Arts Manufacture (Yixing) Co., Ltd.
Rich Talent Trading Ltd./Smartcord Int'l Co., Ltd.
Round-the-World (USA) Corp.
Round-the-World International Trade & Trans. Service (Tianjin) Co., Ltd.
Seven Seas Candle Ltd.
Shandong H&T Corp.
Shandong Native Produce International Trading Co., Ltd.
Shanghai Arts and Crafts Company
Shanghai Asian Development Int'l Tr
Shanghai Broad Trading Co., Ltd.
Shanghai Gift & Travel Products Import & Export Corp.
Shanghai Gifts & Travel
Shanghai Jerry Candle Co., Ltd.
Shanghai New Star Im/Ex Co., Ltd.
Shanghai Ornate Candle Art Co., Ltd.
Shanghai Shen Hong Corp.
Shanghai Sincere Gifts Designers & Manufacturers, Ltd.
Shanghai Success Arts & Crafts Factory
Shanghai Xietong Group O/B Asia 2 Trading Company
Shanghai Zhen Hua c/o Shanghai Light Industrial Int'l Corp., Ltd.
Silkroad Gifts
Simon Int'l Ltd.
Suzhou Ind'l Park Nam Kwong Imp & Exp Co. Ltd. (No. 339 East Baodai Road, Suzhou)
Suzhou Ind'l Park Nam Kwong Imp & Exp Co. Ltd. (Zhongxing City, Conghuan Rd., Suzhou)
T.H.I. (HK) Ltd.
Taizhou Int'l Trade Corp.
Taizhou Sungod Gifts Co., Ltd.
THI (HK) Ltd.
Thi Group Ltd. and THI (HK) Ltd.
Tianjin Native Produce Import & Export Group Corp., Ltd.
Tonglu Tiandi
Universal Candle Co., Ltd.
Weltach
World Way International (Xiamen)
World-Green (Shangdong) Corp., Ltd.
Xiamen Aider Import & Export Company
Xiamen C&D Inc.
Xietong (Group) Co., Ltd.
Zhejiang Native Produce & Animal By-Products Import & Export Corp.
Zhong Nam Industrial (International) Co., Ltd.
Zhongnam Candle
Zhongxing Shenyang Commercial Building (Group) Co., Ltd.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–580–835]

Preliminary Results of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip in Coils From the Republic of Korea

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 (CVD) order on stainless steel sheet and strip in coils from the Republic of Korea for the period January 1, 2001, through December 31, 2001. For information on the net subsidy for the reviewed companies, see the ''Preliminary Results of Review'' section of this notice. Interested parties are invited to comment on these preliminary results. (*See* the ''Public Comment'' section of this notice).

EFFECTIVE DATE: September 9, 2003.

FOR FURTHER INFORMATION CONTACT: Carrie Farley or Darla Brown, Office of AD/CVD Enforcement VI, Group II, Import Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482–2786.

SUPPLEMENTARY INFORMATION:

Background

On August 6, 1999, the Department published in the **Federal Register** the CVD order on stainless steel sheet and strip in coils from the Republic of Korea. *See Amended Final Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea; and Notice of Countervailing Duty Orders: Stainless Steel Sheet and Strip from France, Italy and the Republic of Korea,* 64 FR 42923 (August 6, 1999) (*Amended Sheet and Strip*) On August 6, 2002, the Department published a notice of opportunity to request an administrative review of this CVD order. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review,* 67 FR 50856 (August 6, 2002). On August 30, 2002, we received a timely request for review of INI Steel Company (INI)[1] and BNG Steel Co., Ltd. (BNG)[2] from petitioners.[3] Also on August 30, 2002, we received a timely request for review from INI. On September 20, 2002, the Department initiated an administrative review of the CVD order on stainless steel sheet and strip in coils from the Republic of Korea, covering the period of review (POR) January 1, 2001 through December 31, 2001. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews, Requests for Revocation in Part and Deferral of Administrative Reviews,* 67 FR 60210 (September 25, 2002). On February 4, 2003, the Department received questionnaire responses from the Government of Korea (GOK), INI and BNG. On April 10, 2003, the Department published in the **Federal Register** an extension of the preliminary results deadline. *See Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Extension of Preliminary Results of Countervailing Duty Administrative Review,* 68 FR 17604. On May 21, 2003, we received supplemental responses from respondents. On July 3 through July 9, 2003, we conducted verification of the responses of INI, BNG, and the GOK.

In accordance with 19 CFR 351.213(b), this review covers only those producers or exporters for which a review was specifically requested. The companies subject to this review are INI and BNG. This review covers nine programs.

Scope of Review

For purposes of this review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.*, cold-rolled, polished, aluminized, coated, *etc.*), provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this review is classified in the *Harmonized Tariff Schedule of the United States* (HTSUS) at subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise is dispositive.

Excluded from the scope of this order are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (*i.e.*, flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (*i.e.*, cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), and (5) razor blade steel. Razor blade steel is a flat rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. *See* Chapter 72 of the HTSUS, ''Additional U.S. Note'' 1(d).

The Department has determined that certain specialty stainless steel products are also excluded from the scope of this order. These excluded products are described below:

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of between 0.002 and 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in

[1] Formerly known as Inchon Iron and Steel Co. (Inchon). As of April 2001, Inchon changed its name to INI.

[2] Formerly known as Sammi Steel Co. (Sammi).

[3] Allegheny Ludlum, AK Steel Corporation, J&L Speciality Steel, Inc., Butler-Armco Independent Union, Zanesville Armco Independent Union, and the United Steelworkers of America, AFL–CIO/CLC (collectively petitioners).

electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.'' [4]

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.'' [5]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.'' [6]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives).[7] This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 HI-C.'' The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6.''

Same Person Test for Sammi

In the previous administrative review, covering the period calendar year 2000, we acknowledged that Sammi's name was changed to BNG in March 2002. However, we declared that we were not conducting any type of entity review or successor-in-interest test in that review. We stated that we would examine the facts related to Sammi in the 2001 administrative review (*see Final Results and Partial Rescission of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip from the Republic of Korea,* 68 FR 13267 (March 19, 2003) (2000 Sheet and Strip) and accompanying Issues and Decision Memorandum (*2000 Sheet and Strip* Decision Memo) at page 3 and Comment 2).

On December 6, 2000, Inchon became Sammi's majority shareholder when it completed its purchase of 68.4 percent of Sammi's shares. In the instant administrative review, we are conducting the ''same person test'' to determine whether Sammi was the same entity before and after Inchon's purchase of the majority of Sammi's shares.[8]

In making the ''person'' determination, where appropriate and applicable, we analyze factors such as (1) continuity of general business operations, including whether the successor holds itself out as the continuation of the previous enterprise, as may be indicated, for example, by use of the same name, (2) continuity of production facilities, (3) continuity of assets and liabilities, and (4) retention of personnel. *See Acciai Speciali Terni S.p.A.* v. *United States,* 206 F.Supp.2d 1344, 1350 (CIT 2002); *Final Negative Countervailing Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products From Argentina,* 67 FR 62106 (October 3, 2002) and the accompanying Issues and Decision Memorandum, at Section II, ''Change in Ownership.'' No single factor will necessarily provide a dispositive indication of any change in the entity under analysis.

Regarding the first criterion, after Inchon's majority purchase of Sammi's shares, Sammi's general business operations continued as before. Sammi's name also remained the same.[9] Moreover, Sammi's production facilities remained unchanged. With respect to its assets and liabilities, Sammi experienced no changes after Inchon's December 6, 2000, share purchase. Finally, Sammi's personnel was retained after the share purchase. *See* BNG's August 21, 2003, submission at Attachment 3, pages 7, 8, and 10.

Therefore, we preliminarily determine that Sammi was the same ''person'' after Inchon became Sammi's majority shareholder. Furthermore, we preliminarily determine that any allocable subsidies received by Sammi prior to Inchon's share acquisition continue to benefit the post-share-acquisition Sammi.

BNG and Cross-Ownership With INI

According to section 351.525(b)(6)(vi) of the Department's regulations, cross-ownership exists between two corporations where one corporation can use or direct the individual assets of the other corporation in essentially the same ways it can use its own assets. Normally, this standard will be met where there is a majority voting ownership interest between two corporations. On December 6, 2000, Inchon became the majority shareholder of Sammi with 68 percent of Sammi's shares. The Department's regulations acknowledge that control can be exercised by one corporation over

[4] ''Arnokrome II'' is a trademark of the Arnold Engineering Company.

[5] ''Gilphy 36'' is a trademark of Imphy, S.A.

[6] ''Durphynox 17'' is a trademark of Imphy, S.A.

[7] This list of uses is illustrative and provided for descriptive purposes only.

[8] On June 23, 2003, the Department published a notice that our practice regarding the ''same person test'' would be modified. See Notice of Final Modification of Agency Practice Under Section 123 of the Uruguay Round Agreements Act, 68 FR 37125. In that notice, we announced the prospective application of a new privatization methodology that would supercede the ''same person test.'' We further stated that the new methodology would only apply to segments of proceedings initiated on or after June 30, 2003.

[9] Sammi changed its name to BNG in March 2002.

another even when that one corporation does not hold majority voting ownership. *See Countervailing Duties; Final Rule,* 63 FR 65348, 65401 (November 25, 1998), preamble to CVD Regulations. The percentage of shares, therefore, is not a dispositive indicator of cross-ownership between companies. Accordingly, it is also possible, under certain extraordinary circumstances, that a corporation holding majority ownership in another corporation may not be in a position to exercise control over that corporation's assets. From March 19, 1997 until March 23, 2001, Sammi was under court receivership. Thus, Sammi was in receivership throughout the entire POR under examination in the previous administrative review. In the previous review, we therefore examined the circumstances surrounding Sammi's court receivership to determine whether Inchon could use or direct Sammi's assets as its own.

Under Korea's Company Reorganization Act, the authority for management control (*e.g.*, the right to operate the company's business, management, and disposition of the company's property) rests exclusively with the court or with the receiver appointed by the court. The information on the record of the previous review demonstrated that the control of Sammi and the ability to use and direct the company's assets were held by the court and the court-appointed receiver throughout the previous POR. Therefore, we found that while Inchon held 68 percent of Sammi's shares, it was not in the position to control Sammi's assets during the POR and into 2001. *See 2000 Sheet and Strip* Decision Memo at Comment 3. In this review, we examined the relative positions of Sammi and Inchon and found that, after the end of Sammi's court receivership, Inchon was in a position to control Sammi's assets as its own. Therefore, we find preliminarily that cross ownership, as defined under section 351.525(b)(6)(vi) of the CVD Regulations, did exist between INI and Sammi during the instant POR. Consequently, for the purpose of these preliminary results, the Department will calculate one rate for INI/BNG, in accordance with section 351.525(b)(6)(ii).

Subsidies Valuation Information

Benchmarks for Long-term Loans: During the POR, INI and Sammi had both won-denominated and foreign currency-denominated long-term loans outstanding which they received from government-owned banks, Korean commercial banks, overseas banks, and foreign banks with branches in Korea.

With respect to foreign sources of credit, in *Final Negative Countervailing Duty Determination: Stainless Steel Plate in Coils from the Republic of Korea,* 64 FR at 15533 (March 31, 1999) (*Plate in Coils*), and *Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea,* 64 FR at 30642 (June 8, 1999) (*Sheet and Strip*), we determined that access to foreign currency loans from Korean branches of foreign banks (*e.g.*, branches of U.S.-owned banks operating in Korea) did not confer countervailable subsidies to the recipient as defined by section 771(5) of Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (URAA) effective January 1, 1995 (the Act), and, as such, credit received by respondents from these sources was found not to be countervailable. We based this decision upon the fact that credit from Korean branches of foreign banks was not subject to the government's control and direction. Thus, in *Plate in Coils* and *Sheet and Strip,* we determined that respondents' loans from these banks could serve as an appropriate benchmark to establish whether access to regulated sources of foreign-denominated credit conferred a benefit on respondents. As such, we preliminarily determine that lending from Korean branches of foreign banks continues to be not countervailable. Consequently, where available, loans from Korean branches of foreign banks continue to serve as an appropriate benchmark to establish whether access to regulated foreign currency loans from domestic banks confers a benefit upon respondents.

Based on our findings on this issue in prior investigations, we are using the following benchmarks to calculate the subsidies attributable to respondent's long-term loans obtained in the years 1991 through 2001:

(1) For countervailable, foreign-currency denominated loans, we used, where available, the company-specific weighted-average U.S. dollar-denominated interest rates on the company's loans from foreign bank branches in Korea.

(2) For countervailable won-denominated long-term loans, where available, we used the company-specific corporate bond rate on the company's public and private bonds. We note that this benchmark is based on the decision in *Plate in Coils,* 64 FR at 15531, in which we determined that the GOK did not control the Korean domestic bond market after 1991, and that domestic bonds may serve as an appropriate benchmark interest rate. Where unavailable, we used a company-specific corporate bond rate from the national average of the yields on three-year corporate bonds, as reported by the Bank of Korea (BOK). We note that the use of the three-year corporate bond rate from the BOK follows the approach taken in *Plate in Coils,* in which we determined that, absent company-specific interest rate information, the corporate bond rate is the best indicator of a market rate for won-denominated long-term loans in Korea. *Id.*

Benchmarks for Short-Term Financing: For those programs that require the application of a short-term won-denominated interest rate benchmark, we used as our benchmark a company-specific weighted-average interest rate for commercial won-denominated loans outstanding during the POR.

Treatment of Subsidies Received by Trading Companies: We required responses from trading companies because the subject merchandise may benefit from subsidies provided to both the producer and the exporter of the subject merchandise. Subsidies conferred on the production and exportation of subject merchandise benefit the subject merchandise even if the merchandise is exported to the United States by a trading company rather than by the producer itself. Therefore, the Department calculates countervailable subsidy rates on the subject merchandise by cumulating subsidies provided to the producer with those provided to the exporter. During the POR, INI exported subject merchandise to the United States through a trading company, Hyosung Corporation (Hyosung). We required the trading company to provide a response to the Department with respect to the export subsidies under review.

Under section 351.107(b)(1) of the Department's regulations, when the subject merchandise is exported to the United States by a company that is not the producer of the merchandise, the Department may establish a ''combination'' rate for each combination of an exporter and supplying producer. However, as noted in the Preamble to the regulations, there may be situations in which it is not appropriate or practicable to establish combination rates when the subject merchandise is exported by a trading company. *See Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27303 (May 19, 1997). In such situations, the Department will make exceptions to its combination rate approach on a case-by-case basis. *Id.*

We preliminarily determine that it is not appropriate to establish combination rates, with respect to this review. This determination is based on two main facts: first, the majority of the subsidies conferred upon the subject merchandise were received by the producer; second, the level of subsidies conferred upon the individual trading company with regard to the subject merchandise is insignificant.

Instead, we have continued to calculate a rate for the producers of subject merchandise that includes the subsidies received by the trading company. To reflect those subsidies that are received by the exporter of the subject merchandise in the calculated *ad valorem* subsidy rate, we first calculated the benefit attributable to the subject merchandise from subsidies received by the trading company. Next, we factored that amount into the calculated subsidy rate for the relevant producer. We then added these calculated *ad valorem* subsidies to the subsidies calculated for INI/BNG. Thus, for each of the programs below, the listed *ad valorem* subsidy rate includes countervailable subsidies received by both the producer and the trading company.

I. Programs Conferring Subsidies

1. The GOK's Direction of Credit

The Department previously determined in the *Final Affirmative Countervailing Duty Determination: Structural Steel Beams from the Republic of Korea,* 65 FR 41051 (July 3, 2000) (*H-beams*), and accompanying Issues and Decision Memorandum (*H-Beams Decision Memo*) at section ''The GOK's Credit Policies through 1991,'' that the provision of long-term loans via the GOK's direction of credit policies was specific to the Korean steel industry through 1991 within the meaning of section 771(5A)(D)(iii) of the Act. Also in *H-Beams,* we determined that the provision of these long-term loans through 1991 provided a financial contribution that resulted in the conferral of a benefit, within the meaning of sections 771(5)(D)(i) and 771(5)(E)(ii) of the Act, respectively. *Id.*

In *Plate in Coils,* 64 FR at 15332, and in *Sheet and Strip,* 64 FR at 30641, the Department examined the GOK's direction of credit policies for the period 1992 through 1997. Based on new information gathered in the course of those investigations, the Department determined that the GOK controlled directly or indirectly the lending practices of most sources of credit in Korea between 1992 and 1997.

In *H-beams,* the Department also determined that the GOK continued to control directly and indirectly the lending practices of most sources of credit in Korea through 1998, and that the GOK's regulated credit from domestic commercial banks and government-controlled banks such as the Korea Development Bank (KDB) was specific to the steel industry. Furthermore, the Department determined in *H-Beams* that these regulated loans conferred a benefit on the producer of the subject merchandise to the extent that the interest rates on these loans were lower than the interest rates on comparable commercial loans, within the meaning of section 771(5)(E)(ii) of the Act. In the *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From the Republic of Korea,* 64 FR 73176 at 73180, (December 29, 1999) (*CTL Plate*) the Department determined that the GOK continued to control, directly and indirectly, the lending practices of sources of credit in Korea in 1998, and the Department made a similar finding for 1999. *See also Final Results and Partial Rescission of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from the Republic of Korea,* 67 FR 1964 (January 15, 2002) (*1999 Sheet and Strip*) and accompanying Issues and Decision Memorandum (*1999 Sheet and Strip Decision Memo*) at ''the GOK's Direction of Credit'' section.

In the *1999 Sheet and Strip Decision Memo* at ''The GOK's Direction of Credit'' section, we found that the GOK had control over the lending institutions during 1999. In the *Notice of Final Affirmative Countervailing Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products From the Republic of Korea,* 67 FR 62102 (October 3, 2002) (*Cold-Rolled*), and accompanying Issues and Decision Memorandum (*Cold-Rolled Decision Memo*) at ''The GOK Directed Credit'' section, the Department found that the GOK continued to exert control over the lending institutions during 2000.

In the instant proceeding we asked the GOK for information pertaining to the GOK's direction of credit policies for 2001. The GOK did not provide any additional information stating that, ''the legal costs to further contest this issue in this review overshadow any possible benefit.'' *See* the GOK's February 4, 2003, questionnaire response. As such, because the necessary information to determine whether the GOK has continued its direction of credit policies from 2000 through 2001 is not available on the record, the Department must base its determination on facts otherwise available. *See* section 776(a) of the Act. Moreover the GOK's willful refusal to supply this information, which involves the GOK's own policies, demonstrates its failure to cooperate to the best of its ability. *See* section 77b(b) of the Act. Accordingly, the statue authorizes the Department to employ an adverse inference in selecting among facts otherwise available. *See id.* Drawing from our determination on this issue in the previous administrative review, we preliminarily find that the GOK's direction of credit policies continued from 2000 through 2001, the POR. In addition, absent information indicating otherwise, we preliminarily find that lending from domestic banks and from government-owned banks, such as the KDB, continues to be countervailable through 2001.

INI and Sammi received long-term fixed and variable rate loans from GOK owned/controlled institutions that were outstanding during the POR. In order to determine whether these GOK directed loans conferred a benefit, we compared the interest rates on the directed loans to the benchmark interest rates detailed in the ''Subsidies Valuation Information'' section of this notice.

Won-Denominated Loans: Regarding the calculation of the benefit on countervailable, long-term fixed-rate loans, in past cases the Department has employed the ''grant equivalent'' methodology, as described in section 351.505(c)(3) of the CVD Regulations, when the government-provided loan and the comparison loan have dissimilar grace periods or maturities, or where the repayment schedules are different (*e.g.*, declining balance versus annuity style).

In *2000 Sheet and Strip* Decision Memo, the Department revised its application of the grant equivalent methodology discussed in 351.505(c)(3) of the CVD Regulations. We note that section 351.505(c)(2) of the CVD Regulations states that the Department ''will normally calculate the subsidy amount to be assigned to a particular year by calculating the difference in interest payments for that year (*i.e.*, the difference between the interest paid by the firm in that year on the government-provided loan and the interest the firm would have paid on the comparison loan).'' We also note that, in reference to paragraph (c)(2), the Preamble of the Department's CVD Regulations states that in situations where the benefit from a long-term, fixed-rate loan stems solely from a concessionary interest rate, it is not necessary to engage in the grant equivalent methodology. *See* 63 FR at 65369. Thus, the CVD Regulations and the Preamble direct the Department to default to a simple comparison of interest payments made during the POR when calculating the benefit from a long-term, fixed-rate loan.

The Preamble goes on to describe those situations in which the Department shall deviate from the ''simple, default methodology,'' and instead employ the grant equivalent methodology. The Preamble states that, ''[b]ecause a firm may derive a benefit from special repayment terms, in addition to any benefit derived from a concessional interest rate,'' the Department will calculate the benefit using the grant equivalent methodology. *See* 63 FR at 65369.

There is no information on the record of these preliminary results that indicates that either INI or Sammi derived a benefit from any special repayment terms (*i.e.*, abnormally long grace periods or maturities, etc.) on their long-term, fixed-rate loans. Therefore, in accordance with section 351.505(c)(2) of the CVD Regulations, we are calculating the benefit that INI and Sammi received on their long-term, fixed-rate loans by comparing the amount of interest paid on the loan during the POR to the amount of interest that would have been paid during the POR on a comparable, commercial loan. Thus, to calculate the countervailable subsidy benefit, we first derived the benefit amounts attributable to the POR for each company's fixed and variable rate loans and then summed the benefit amounts from the loans.

Foreign Currency Denominated Loans: Neither INI nor Sammi had foreign currency denominated loans outstanding during this POR which could be used for benchmark purposes. Sammi did provide information pertaining to a foreign currency denominated bond. We have determined that this information may serve as a benchmark for INI's foreign currency denominated loans issued in 2001; however, this information is unsuitable for use as a benchmark for INI's loans received prior to 2001. Therefore, for loans issued before 2001, we have used the same benchmark rates as those applied in *2000 Sheet and Strip*. *See* INI's February 4, 2003 Questionnaire Response, Exhibit A–4.

To determine the total benefit for all directed credit, we added the benefit derived from foreign currency loans to the benefit derived from won denominated loans and divided the total benefit by INI/BNG's total f.o.b. sales value during the POR. On this basis, we preliminarily determine the countervailable subsidy to be 0.24 percent *ad valorem* for INI/BNG.

B. Article 16 of the Tax Exemption and Reduction Control Act (TERCL): Reserve for Export Losses

Under Article 16 of the TERCL, a domestic person engaged in a foreign-currency earning business can establish a reserve amounting to the lesser of one percent of foreign exchange earnings or 50 percent of net income for the respective tax year. Losses accruing from the cancellation of an export contract, or from the execution of a disadvantageous export contract, may be offset by returning an equivalent amount from the reserve fund to the income account. Any amount that is not used to offset a loss must be returned to the income account and taxed over a three-year period, after a one-year grace period. All of the money in the reserve is eventually reported as income and subject to corporate tax either when it is used to offset export losses or when the grace period expires and the funds are returned to taxable income. The deferral of the payment of taxes owed is equivalent to an interest-free loan in the amount of the company's tax savings. This program is only available to exporters. According to information provided by respondents, this program was terminated on April 10, 1998, and no new funds could be placed in this reserve after January 1, 1999. However, INI still had an outstanding balance in this reserve during the POR. Sammi did not use this program.

In *Sheet and Strip,* 64 FR at 30645, we determined that this program was specific as it constituted an export subsidy under section 771(5A)(B) of the Act because the use of the program is contingent upon export performance. We also determined that this program provided a financial contribution within the meaning of section 771(5)(D)(i) of the Act in the form of a loan. *See* 64 FR 30645. No new information or evidence of changed circumstances has been presented to cause us to revisit this determination. Thus, we preliminarily determine that this program constitutes a countervailable export subsidy.

In *2000 Sheet and Strip,* we revised our benefit calculation for this program when a company is in a tax loss position. Previously, the Department had only calculated a benefit based on the deferral of the tax payment; however, when a company returns tax reserves to taxable income while in a tax loss situation, the GOK is forgoing tax revenue. Therefore, the Department now calculates an additional benefit from this program when a company returns tax reserves to taxable income while in a tax loss situation. *See* the *2000 Sheet and Strip* Decision Memo at the ''Article 16 of the Tax Exemption and Reduction Control Act (TERCL): Reserve for Export Losses'' section. As neither INI nor Sammi was in a tax loss situation during the POR, this methodology is not applicable.

To determine the benefit conferred on INI by this program, we calculated the tax savings by multiplying the balance amount of the reserve as of December 31, 2000, as filed during the POR, by the corporate tax rate for 2000. We treated the tax savings on these funds as a short-term interest-free loan. *See* 19 CFR 351.509. Accordingly, to determine the benefit, we multiplied the amount of tax savings for INI by the weighted-average interest rate on INI's short-term won-denominated commercial loans for the POR, as described in the ''Subsidies Valuation Information'' section, above. We then divided the benefit by INI/BNG's total f.o.b. export sales. On this basis, we preliminarily calculated a countervailable subsidy of less than 0.005 percent *ad valorem* for INI/BNG.

3. Article 17 of the TERCL: Reserve for Overseas Market Development

Under Article 17 of the TERCL, a domestic person engaged in a foreign trade business is allowed to establish a reserve fund equal to one percent of its foreign exchange earnings from its export business for the respective tax year. Expenses incurred in developing overseas markets may be offset by returning from the reserve, to the income account, an amount equivalent to the expense. Any part of the fund that is not placed in the income account for the purpose of offsetting overseas market development expenses must be returned to the income account in three yearly installments, after a two-year grace period. The balance of this reserve fund is not subject to corporate income tax during the grace period. However, all of the money in the reserve is eventually reported as income and subject to corporate tax either when it offsets export losses or when the grace period expires. The deferral of tax payment amounts to an interest-free loan equal to the company's tax savings. This program is only available to exporters. Neither INI nor Sammi used this program during the POR; however, INI exported subject merchandise through Hyosung, which used this program during the POR.

In *CTL Plate,* 64 FR at 73181, we determined that the Reserve for Overseas Market Development program is specific under section 771(5A)(B) of the Act because use of the program is contingent upon export performance. We also determined that this program provides a financial contribution within the meaning of section 771(5)(D)(i) of the Act in the form of a loan. The benefit provided by this program is the tax savings enjoyed by the companies. Respondents have not provided any new information to warrant reconsideration of this determination. Therefore, we continue to find this program countervailable.

To determine the benefit conferred by this program, we calculated the tax savings by multiplying the balance amount of the reserve as of December 31, 2000, by the corporate tax rate for 2000. We treated the tax savings on these funds as a short-term interest-free loan. Accordingly, to determine the benefit, we multiplied the amount of tax savings by Hyosung's weighted-average interest rate for short-term won-denominated commercial loans for the POR. Using the methodology for calculating subsidies received by trading companies, which also is detailed in the ''Subsidies Valuation Information'' section of this notice, we calculate a countervailable subsidy of less than 0.005 percent *ad valorem* for INI/BNG.

4. Technical Development Fund (RSTA Article 9, Formerly TERCL Article 8)

On December 28, 1998, the TERCL was replaced by the Tax Reduction and Exemption Control Act (RSTA). Pursuant to this change in law, TERCL Article 8 is now identified as RSTA Article 9. Apart from the name change, the operation of RSTA Article 9 is the same as the previous TERCL Article 8 and its Enforcement Decree.

This program allows a company operating in manufacturing or mining, or in a business prescribed by the Presidential Decree, to appropriate reserve funds to cover expenses related to the development or innovation of technology. These reserve funds are included in the company's losses and reduce the amount of taxes paid by the company. Under this program, capital goods and capital intensive companies can establish a reserve of five percent of total revenue, while companies in all other industries are only allowed to establish a three percent reserve.

In *CTL Plate,* 64 FR at 73181, we determined that this program is specific because the capital goods industry is allowed to claim a larger tax reserve under this program than all other manufacturers. We also determined that this program provides a financial contribution within the meaning of section 771(5)(D)(i) of the Act in the form of a loan. The benefit provided by this program is the differential tax savings enjoyed by the companies in the capital goods industry, which includes steel manufacturers. *Id.* No new information, or evidence of changed circumstances, were presented in this review to warrant reconsideration of the countervailability of this program. Therefore, we continue to find this program to be countervailable. Sammi did not use this program. Record evidence indicates that INI did not contribute funds to this reserve during the POR, but it did carry a balance. Thus, to calculate the benefit on the balance, we compared the amount of taxes that it would have paid if it had only claimed the three percent tax reserve with the amount of taxes actually paid on tax reserve amount as claimed under the five percent reserve limit. Next, we calculated the amount of the tax savings earned through the use of this tax reserve during the POR and divided that amount by INI/BNG's total f.o.b. sales during the POR. On this basis, we preliminarily determine a net countervailable subsidy of less than 0.005 percent *ad valorem* for INI/BNG.

5. Asset Revaluation: TERCL Article 56(2)

Under Article 56(2) of the TERCL, the GOK permitted companies that made an initial public offering between January 1, 1987, and December 31, 1990, to revalue their assets at a rate higher than the 25 percent required of most other companies under the Asset Revaluation Act. In *CTL Plate,* we found this program countervailable due to the fact that it is specific and provides a financial contribution by allowing companies to reduce their income tax liability. *See* 64 FR at 73183. No new information, or evidence of changed circumstances, were presented in this review to warrant reconsideration of the countervailability of this program.

To calculate the benefit from the program we reviewed the effect that the difference in the revaluation of depreciable assets had on INI's tax liability each year. Sammi did not use this program. We multiplied the additional depreciation in the tax return filed during the POR, which resulted from the company's asset revaluation, by the tax rate applicable to that tax return. We then divided the benefit by INI/BNG's total f.o.b. sales. Accordingly, we preliminarily determine that the net countervailable subsidy for this program is less than 0.005 percent *ad valorem* for INI/BNG.

6. Investment Tax Credits

Under Korean tax laws, companies are allowed to claim investment tax credits for various kinds of investments. If the investment tax credits cannot all be used at the time they are claimed, then the company is authorized to carry them forward for use in subsequent years. Until December 28, 1998, these investment tax credits were provided under the TERCL. On that date, the TERCL was replaced by the Restriction of Special Taxation Act (RSTA). Pursuant to this change in the law, investment tax credits received after December 28, 1998, were provided under the authority of RSTA.

During the POR, INI earned or used tax credits for investments in productivity increasing ''facilities'' (RSTA Article 24, previously TERCL Article 25) and investments in specific ''facilities'' (RSTA Article 25, previously TERCL Article 26). Sammi did not use either program. Under these programs, if a company invested in foreign-produced ''facilities,'' the company received a tax credit equal to either three or five percent of its investment. However, if a company invested in domestically-produced ''facilities,'' it received a ten percent tax credit. Under section 771(5A)(C) of the Act, a program that is contingent upon the use of domestic goods over imported goods is specific, within the meaning of the Act. Because Korean companies received a higher tax credit for investments made in domestically-produced ''facilities,'' in *CTL Plate,* 63 FR at 73182, we determined that these investment tax credits constituted import substitution subsidies under section 771(5A)(C) of the Act. In addition, because, under this program, the GOK forewent the collection of tax revenue otherwise due, we determined that a financial contribution is provided under section 771(5)(D)(ii) of the Act. The benefit provided by this program was a reduction in taxes payable. Therefore, we determined that this program was countervailable.

In *Cold-Rolled,* we found that RSTA Article 24 (previously TERCL Article 25) was altered on April 10, 1998, eliminating the distinction between domestic and imported goods; therefore, any credits received after that date were not countervailable. However, we continue to find the use of investment tax credits earned on domestic investments made before April 10, 1998, to be countervailable.

INI claimed tax credits under RSTA Article 24 and RSTA Article 25 for investments that originated when there was a distinction between purchasing domestic ''facilities'' and imported ''facilities.'' To calculate the benefit from these investment tax credits, we examined the amount of tax credits INI deducted from its taxes payable for the 2000 fiscal year income tax return, which was filed during the POR. We first determined the amount of the tax credits claimed which were based upon investments in domestically-produced and specific ''facilities.'' We then calculated the additional amount of tax credits received by the company because it earned tax credits of ten percent on such investments instead of a three or five percent tax credit. Next, we calculated the amount of the tax savings earned through the use of these tax credits during the POR and divided that amount by INI/BNG's total f.o.b. sales during the POR. On this basis, we preliminarily determine a net countervailable subsidy of 0.03 percent *ad valorem* for INI/BNG.

7. Electricity Discounts Under the Requested Load Adjustment Program (RLA)

With respect to the Requested Load Adjustment (RLA) program, the GOK introduced this discount in 1990 to address emergencies in the supply of electricity by the government-owned electricity provider, Korea Electric Power Company (KEPCO). Under this program, customers with a contract demand of 5,000 kW or more, who can curtail their maximum demand by 20 percent or suppress their maximum demand by 3,000 kW or more, are eligible to enter into an RLA contract with KEPCO. Customers who choose to participate in this program must reduce their load upon KEPCO's request, or pay a surcharge to KEPCO.

Customers can apply for this program between May 1 and May 15 of each year. If KEPCO finds the application in order, KEPCO and the customer enter into a contract with respect to the RLA discount. The RLA discount is provided based upon a contract for two months, normally July and August. Under this program, a basic discount of 440 won per kW is granted between July 1 and August 31, regardless of whether KEPCO makes a request for a customer to reduce its load. During the POR, KEPCO and INI entered into a contract pursuant to which KEPCO granted INI electricity discounts under this program.

In *Sheet and Strip*, 64 FR at 30646, the Department found this program to be specific under section 771(5A)(D)(iii)(I) of the Act because the discounts were distributed to a limited number of customers. Moreover, we found that a financial contribution was provided within the meaning of section 771(5)(D)(ii) of the Act in the form of revenue forgone by the government.

INI did receive discounts during the POR; therefore, we find that a financial contribution is provided to INI under this program, within the meaning of section 771(5)(D)(ii) of the Act, in the form of revenue foregone by the government. Sammi did not use this program. The benefit provided under this program is a discount on a company's monthly electricity charges. Respondents have not provided any new information to warrant reconsideration of this determination. Therefore, we continue to find this program countervailable.

Because the electricity discounts provide recurring benefits, we have expensed the benefit from this program in the year of receipt. To measure the benefit from this program, we summed the electricity discounts which INI received from KEPCO under the RLA program during the POR. We then divided that amount by INI/BNG's total f.o.b. sales value for 2001. On this basis, we preliminarily determine a net countervailable subsidy of 0.01 percent *ad valorem* for INI/BNG.

8. Purchase of Sammi Specialty Steel Division by POSCO

In *Sheet and Strip*, the Department found that POSCO's 1997 purchase of Sammi's bar and pipe division constituted a countervailable subsidy. We determined that, at the time of the purchase, POSCO's actions were directed by the GOK and that this purchase was not made according to commercial considerations. This decision was based on information from POSCO, the petition, and other publicly available information, as Sammi did not participate in the investigation. *See Sheet and Strip*, 64 FR at 30638 and 30642. Sammi has, however, fully participated in this review and has provided new information that allows us to reexamine our earlier adverse facts available determination.

We previously determined that POSCO was a government-controlled company at the time it purchased Sammi's bar and pipe facility. *See Sheet and Strip* 64 FR 30642. *See also* Section III, Part A of this notice for more information concerning government control of POSCO. No new information has been provided requiring the Department to revisit its prior determination that POSCO was GOK-controlled at the time it purchased Sammi's facility. Therefore, we are considering POSCO's payment for Sammi's bar and pipe facility equivalent to a payment by the government for this facility. This payment by the government constitutes a financial contribution under section 771(5)(D)(iv) of the Act.

During this review, we provided the GOK the opportunity to present information about other similar facility purchases during the time period of POSCO's purchase of Sammi's bar and pipe facility. *See* the May 21, 2003 GOK Supplemental Questionnaire Response (GOK Supplemental), Question E1. The list provided by the GOK in response to the Department's question refers only to purchases of entire steel companies, as opposed to individual assets or facilities. *See* GOK Supplemental, Exhibit O–1. In addition, we note that POSCO was not among the purchasers listed. Thus, we have no record evidence that another purchase of this nature was made by POSCO or any other government entity. Therefore, we preliminarily find that this sale was specific to Sammi within the meaning of section 771(5A)(D)(i) of the Act.

A benefit is conferred where the government purchases goods at more than adequate remuneration. *See* Section 771(5)(E)(iv) of the Act. As used in the Act, the term ''good'' is expansive, encompassing more than just moveable property. *See Notice of Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Softwood Lumber Products From Canada*, 67 FR 15545 (April 2, 2002), and accompanying Issues and Decision Memorandum, at ''Financial Contribution'' section. The definition of ''goods'' includes all property or possessions, and saleable commodities. *See id.* Accordingly, we preliminarily determine that Sammi's bar and pipe facility is a ''good.''

The next issue is whether POSCO purchased Sammi's bar and pipe facility at more than adequate remuneration. The Department is guided by section 351.511(a)(2) of the regulations. Due to the absence of evidence of either a market-determined price for this facility in Korea or a world market-price, we are determining the benefit provided by this program by evaluating whether POSCO's purchase price for this good is consistent with market principles, as described in section 351.511(a)(2)(iii) of the regulations.

In *Sheet and Strip*, we determined that the purchase of Sammi's bar and pipe facility by POSCO conveyed a countervailable benefit to Sammi. *See Sheet and Strip* and accompanying Issues and Decision Memorandum at ''Purchase of Sammi Specialty Steel Division''. While this decision was based on adverse facts available, the information on the record remains largely the same. In *Sheet and Strip*, we relied heavily on a report issued by the Korean Board of Audit and Inspection (BAI) which criticized POSCO's purchase of the plant. In addition it noted that POSCO did not adhere to its own internal guidelines when evaluating this purchase, as well as several instances of items for which POSCO overpaid. *See* August 7, 2003, Verification Report for BNG in the Countervailing Duty Administrative Review of Stainless Steel Sheet and Strip from the Republic of Korea (BNG Verification Report) at page 3 and Exhibit B–9. What new information we have received merely serves to confirm our earlier finding. In the opinion of the bankers with whom we spoke, the process in which Sammi and POSCO participated for the sale of Sammi's bar and pipe division was dissimilar to the typical sale approach in terms of timing, number of bidders, and internal approval. *See* August 7, 2003, Meeting with Private Bankers in the Countervailing Duty Administrative Review of Stainless Steel Sheet and Strip from the Republic of Korea, at page 2. Based on record evidence, we find that POSCO purchased this facility for more than adequate remuneration. Therefore, we preliminarily find that, to the extent that this purchase was made for more than adequate remuneration, it conferred a countervailable benefit to Sammi within the meaning of section 771(5)(E)(iv).

We used record evidence to calculate the amount POSCO overpaid for this facility. The BAI report cites several items which POSCO should have known were worth less than the value attached to them by valuation studies and includes the BAI's valuation of these items. *See* BNG Verification Report, Exhibit B–9. These items include overpayment for technologies which POSCO already possessed, not accounting correctly for certain tax breaks, and the purchase of land not required by the purchase agreement. We are using the sum of these amounts as the benefit for this program. The Department invites parties to comment on the benefit calculation for this program.

Therefore, in accordance with section 771(5)(A) of the Act, we determine that this program conferred a countervailable benefit to Sammi. On this basis, we preliminarily determine a net countervailable subsidy of 0.28 percent *ad valorem* for INI/BNG.

II. Programs Preliminarily Determined To Be Not Used

A. *Investment Tax Credits Under RSTA Articles 11, 30, and 94 and TERCL Articles 24, 27, 71.*

B. *Loans From the National Agricultural Cooperation Federation.*

C. *Tax Incentives for Highly-Advanced Technology Businesses under the Foreign Investment and Foreign Capital Inducement Act.*

D. *Reserve for Investment under Article 43–5 of TERCL.*

E. *Export Insurance Rates Provided by the Korean Export Insurance Corporation.*

F. *Special Depreciation of Assets on Foreign Exchange Earnings.*

G. *Excessive Duty Drawback.*

H. *Short-Term Export Financing.*

I. *Export Industry Facility Loans.*

J. *Research and Development.*

K. *Local Tax Exemption on Land Outside of Metropolitan Area.*

III. Programs Preliminarily Determined To Be Not Countervailable

A. POSCO's Provision of Steel Inputs for Less Than Adequate Remuneration

In *2000 Sheet and Strip*, we found that POSCO's provision of steel inputs for less than adequate remuneration was countervailable on the basis that the GOK, through POSCO, provided a financial contribution. However, we noted at Comments 9 and 10 of the *2000 Sheet and Strip* Decision Memo that we would analyze POSCO's privatization in the course of the instant administrative review.

In the instant review, we preliminarily find that the evidence relied upon in the previous determinations has changed, and, therefore, the Department's earlier finding is no longer applicable. Specifically, in previous determinations, the Department concluded that the GOK controlled POSCO on the basis of a number of factors, including: (1) The GOK was the largest shareholder, (2) the GOK enacted a law that restricted individual shareholders from exercising voting rights in excess of three percent of the company's common share and the inclusion of a similar restriction in POSCO's Articles of Incorporation, (3) POSCO was designated as a ''public company,'' (4) POSCO's chairman and half of POSCO's outside directors were appointed by the GOK, and (5) POSCO's chairman and several of POSCO's appointed directors were former senior government officials.

With respect to the first factor, during the POR, the GOK no longer was the largest owner of POSCO's shares. During 2001, the largest GOK-owned holder of POSCO's shares was the Industrial Bank of Korea (IBK), the only entity with GOK ownership that held more than one percent of POSCO's shares during this period. The IBK held 3.12 percent of POSCO's common shares as of December 31, 2001. The single largest shareholder of POSCO's shares at the end of 2001 was POSTECH, with 3.14 percent. POSTECH is a technical university owned by POSCO. With respect to the second and third factors, POSCO's designation as a ''public company'' was removed on September 26, 2000, which also removed the restriction on an individual shareholder's voting rights. However, the latter became effective during the POR on March 16, 2001, when the clause included in POSCO ''s Articles of Incorporation restricting individual ownership was officially removed at the General Shareholders Meeting.

Regarding the fourth and fifth factors, in March 1999, POSCO revised its Articles of Incorporation, establishing new procedures for selecting members of the Board of Directors (BOD), assuring the independence and transparency of the selection process. During the General Meeting of Shareholders, held on March 17, 2000, two outside directors who were former government employees resigned. During the POR, none of the standing directors on POSCO's BOD were former government employees or officials, while two of eight outside directors were former government employees or officials. Moreover, while POSCO's current chairman is the same individual that was appointed by the President of Korea, he was subsequently reappointed by the shareholders in March 2001.

In light of these changes, we preliminarily determine that the GOK did not control POSCO during the POR. As such, we also preliminarily find that absent GOK control over POSCO, there is no longer a government financial contribution as defined by section 771(D)(iii) of the act, and, therefore, that this program is no longer countervailable.

B. Electricity Discounts Under the Voluntary Electric Power Savings Adjustment Program

We examined at verification the voluntary electric power savings adjustment (VEPS) program, Article 107–2 of the Regulation on Optional Electricity Supply. This program is associated with the VRA program previously examined by the Department and found not countervailable. *See Sheet and Strip* at 30647. The goal of the VEPS program is to reduce customers' electricity usage during the summer months, when demand is normally high. Under this program, KEPCO gives discount incentives to general, industrial, and educational customers with a contract maximum demand per month (MDM) of 1000 kilowatts (kW) or more who reduce their electricity usage during peak season (*i.e.*, summer).

KEPCO forecasts the dates in the peak season, usually July and August, when each participating company could curtail its usage. For a company to receive discounts under this program, the company would have to decrease its usage by 20 percent or more over 30 minutes on the contracted dates. The total average for all of the contracted dates must be 20 percent or more and the curtailed period must be over five days or five 30-minute periods, or units, to receive the discount. The discount amount is calculated on the actual curtailment of power. KEPCO calculates the actual power usage during 10 a.m. to 12 p.m. on the day the reduction is to take place. KEPCO then calculates the actual usage during 2 p.m. to 4 p.m. that same day. By comparing these two measurements, KEPCO is able to determine if the company reduced its power usage by the required amount. If the company curtails its power for at least 5 units, KEPCO will determine the total power reduction and then calculate the discount based on this amount. The discount will then be applied to the following month's electricity bill. If the company determines that it does not want to reduce its power on the dates specified, the company would not receive the discount.

We analyzed whether the VEPS program is specific in law (*de jure* specificity), or in fact (*de facto* specificity), within the meaning of section 771(5A)(D)(i) and (iii) of the Act. First, we examined the eligibility criteria contained in the law. The Regulation on Electricity Supply and KEPCO's Rate Regulations for Electric Service identify companies within a broad range of industries as eligible to participate in the electricity discount programs. With respect to the VEPS, all general, educational, and industrial customers who have the necessary contract demand are eligible to participate in the discount program. Therefore, based on our analysis of the law, we preliminarily determine that the VEPS electricity program is not *de jure* specific under section 771(5A)(D)(i) of the Act.

We also examined evidence regarding the usage of the VEPS program and found no predominant use by the steel industry. The information on the record demonstrates that discounts under the VEPS are distributed to a large number of firms in a wide variety of industries. *See* August 7, 2003, Verification Report for the GOK in the Countervailing Duty Administrative Review of Stainless Steel Sheet and Strip from the Republic of Korea (GOK Verification Report) at pages 6–7. Therefore, after analyzing the data with respect to the large number of companies and diverse number of industries which received electricity discounts under this program during the POR, we determine that the VEPS program is not *de facto* specific under section 771(5A)(D)(iii) of the Act. Accordingly, we preliminarily find that the VEPS program is not countervailable.

C. Kangwon's Debt-to-Equity Swap

Petitioners allege that Kangwon Industries Ltd. (Kangwon) received a countervailable benefit through a debt-for-equity swap and that the benefit is attributable to INI. *See* the April 18, 2003, New Subsidy Allegation Memorandum from the team to Melissa Skinner, Director, Office of AD/CVD Enforcement VI, which is on file in the Department's central records unit (CRU). Specifically, petitioners state that on March 15, 2000, Kangwon merged with Inchon. At the same time as the merger, a substantial number of Kangwon's creditors agreed to forgive Kangwon's debt in exchange for shares in Kangwon. Petitioners state that record evidence indicates that the GOK owned or controlled many of the banks that participated in the swap.[10] Furthermore, petitioners allege that Kangwon was unequityworthy in 2000, the year of the debt-for-equity swap. They base their allegation of Kangwon's unequityworthiness on the fact that the company was found uncreditworthy in 1998. *See Final Affirmative Countervailing Duty Determination of Structural Steel Beams from the Republic of Korea,* 65 FR 41051 (July 3, 2000) and accompanying Issues and Decision Memorandum.

Petitioners argue that the GOK-owned banks' decision to participate in the swap was inconsistent with the usual investment practice of private investors, and, therefore, conferred a benefit upon Kangwon and its parent company, Inchon, within the meaning of section 771(5)(E)(i) of the Act, in the form of a government equity infusion, as the equity for which the debt was exchanged was worthless at the time of its issuance. Petitioners further allege that the debt-for-equity swap constitutes a government financial contribution within the meaning of section 771(5)(D)(ii) of the Act in the form of revenue foregone. In addition, they allege that this program is specific under section 771(5A)(D)(iii)(IV) of the Act, as this transaction was limited to Kangwon.

On June 26, 1999, Kangwon and Inchon entered into a memorandum of understanding (MOU) regarding the merger. On July 27, 1999, Kangwon and Inchon established a task force team to carry out the merger. On October 15, 1999, at the 8th Creditor Financial Institutions' Conference (Creditors' Conference) the creditors voted on seven agenda items that detailed the different financial transactions and agreements, as well as Kangwon's merger with Inchon. Five of these seven items passed with the required 75 percent approval of creditors who were signatories to the CRA. On November 1, 1999, at the 9th Creditors' Conference, the final two agenda items were approved. Then, on November 2, 1999, the BOD of both Inchon and Kangwon met to approve the merger, and the two companies entered into the merger agreement. On December 14, 1999, Kangwon's shareholders met and approved the merger, and on January 7, 2000, Inchon's shareholders met and approved the merger. On January 12, 2000, the debt-to-equity swap was made. The financial transactions completing the merger were executed on March 15, 2000, and Kangwon's stocks were swapped for Inchon's stocks. On March 16, 2000, Inchon reported the merger to the Korean Stock Exchange. On July 31, 2000, the companies entered into the supplemental agreement for the merger, which included additional financial guarantees.

We examined this issue at length during verification (*see* GOK Verification Report and the August 7, 2003, Verification Report for INI in the CVD Administrative Review of Stainless Steel Sheet and Strip from the Republic of Korea (INI Verification Report)). We found that the debt-to-equity swap was agreed to by Kangwon's creditors on the condition that the merger was completed, that an interest rate adjustment on Kangwon's outstanding debt would be considered, that the share issuance price should be the market price, and that Inchon could not choose the loan types that would be converted to equity. *See* INI Verification Report at 5. Moreover, we found that the terms of the merger and the swap were part of the same agreement, *i.e.*, the 1999 Merger Agreement was approved by Inchon's and Kangwon's BOD at the same time. Based on record evidence and information collected during verification we preliminarily find that, because the swap took place on the condition of the merger's completion, Kangwon's creditors were effectively exchanging their debt for equity in

[10] *See* the April 19, 2000, Memorandum to Melissa Skinner, Re: Verification Report for Kangwon Industries, Ltd. in the Countervailing Duty Investigation of Structural Steel Beams from the Republic of Korea (Kangwon Verification Report), which is on the record of the instant administrative review.

Inchon, an equityworthy company. Thus, in accordance with Section 771 (5)(E)(i) of the Act, we find that this investment decision is not inconsistent with the usual practice of private investors and did not confer a benefit to Kangwon. Therefore, we preliminarily find this program to be not countervailable.

C. Debt Forgiveness Provided to Sammi by KAMCO

Sammi received debt forgiveness as part of a workout plan agreed to by Sammi's creditors while Sammi was under court receivership from March 18, 1997 until March 23, 2001. KAMCO, a government-owned entity, was Sammi's lead creditor during a portion of Sammi's time under court receivership. In the previous review, petitioners argued that even though this debt forgiveness occurred in the context of bankruptcy proceedings, the debt forgiveness was specific. *See 2000 Sheet and Strip* Decision Memo at Comment 7. They cited a newspaper article which stated that the workout plan, in which the debt forgiveness was included, was the first such plan in which KAMCO, acting as the lead creditor, had participated in a merger and acquisition (M&A) agreement.

In *2000 Sheet and Strip,* we did not examine this program as we were not examining information pertaining to Sammi. However, we indicated that we would examine this program in the instant review. At verification we examined KAMCO's actions as Sammi's lead creditor compared with its actions in other similar situations. The typical return that KAMCO generated on its sale of Sammi's non-performing loans (NPLs) was similar to, and even slightly higher, than the typical return that KAMCO generates on its sale of NPLs. *See* GOK Verification Report at 5. Furthermore, the exact amount of debt forgiven was determined by the purchase offers which Sammi received and not by KAMCO. *Id.* The public bidding process was also carried out by Solomon Smith Barney, an independent consultancy.

In addition, we requested information pertaining to KAMCO's participation in M&A agreements while acting as lead creditor for companies under court receivership. See GOK Verification Report, Exhibit KAM–1. Based on this information, the debt forgiveness agreed to by KAMCO with respect to Sammi's workout plan was similar to the debt forgiveness agreed to with respect to other companies in court receivership where KAMCO was the lead creditor. Therefore, we find that KAMCO's debt forgiveness to Sammi is not specific within the meaning of Section 771(5A)(D)(iii) of the Act.

Furthermore, it is the Department's practice to find that debt forgiveness in the context of bankruptcy, is not countervailable. *See Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination Carbon and Certain Alloy Steel Wire Rod from Germany,* 67 FR 55808 (August 30, 2002) and accompanying Decision Memo at Comment 6. We find no evidence on the record that Sammi received special or differential treatment in the bankruptcy process. Therefore, we preliminarily find that KAMCO's debt forgiveness to Sammi is not countervailable in accordance with section 771(5)(A) of the Act.

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated an individual subsidy rate for the producer/exporter subject to this administrative review. For the period January 1, 2001 through December 31, 2001, we preliminarily determine the net subsidy for INI/BNG to be 0.56 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. Bureau of Customs and Border Protection (BCBP) to assess countervailing duties as indicated above. The Department also intends to instruct BCBP to collect cash deposits of estimated countervailing duties as indicated above as a percentage of the f.o.b. invoice price on all shipments of the subject merchandise from reviewed companies, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

Because the URAA replaced the general rule in favor of a country-wide rate with a general rule in favor of individual rates for investigated and reviewed companies, the procedures for establishing countervailing duty rates, including those for non-reviewed companies, are now essentially the same as those in antidumping cases, except as provided for in section 777A(e)(2)(B) of the Act. The requested review will normally cover only those companies specifically named. *See* 19 CFR 351.213(b). Pursuant to 19 CFR 351.212(c), for all companies for which a review was *not* requested, duties must be assessed at the cash deposit rate, and cash deposits must continue to be collected, at the rate previously ordered. As such, the countervailing duty cash deposit rate applicable to a company can no longer change, except pursuant to a request for a review of that company. *See Federal-Mogul Corporation and The Torrington Company* v. *United States,* 822 F.Supp. 782 (CIT 1993) and *Floral Trade Council* v. *United States,* 822 F.Supp. 766 (CIT 1993) (interpreting 19 CFR 353.22(e), the antidumping regulation on automatic assessment, which is identical to 19 CFR 351.212(c)(ii)(2)). Therefore, the cash deposit rates for all companies except those covered by this review will be unchanged by the results of this review.

We will instruct the BCBP to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to non-reviewed companies covered by this order will be the rate for that company established in the most recently completed administrative proceeding conducted under the URAA. If such a review has not been conducted, the rate established in the most recently completed administrative proceeding pursuant to the statutory provisions that were in effect prior to the URAA amendments is applicable. *See Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea,* 64 FR 30636, at 30664 (June 8, 1999). These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested. In addition, for the period January 1, 2001 through December 31, 2001, the assessment rates applicable to all non-reviewed companies covered by this order are the cash deposit rates in effect at the time of entry.

Upon completion of this administrative review, the Department will determine, and BCBP shall assess, countervailing duties on all appropriate entries. In accordance with 19 CFR 351.212(b)(2), we have calculated a company-specific assessment rate for merchandise subject to this review. The Department will issue appropriate assessment instructions directly to the BCBP within 15 days of publication of the final results of review. If these preliminary results are adopted in the final results of review, we will direct the BCBP to assess the resulting assessment rates against the entered customs values for the subject merchandise on each of the company's entries during the review period.

Public Comment

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of the public announcement of this notice. Pursuant to 19 CFR 351.309, interested parties may submit written comments in response to these preliminary results. Unless otherwise indicated by the Department, case briefs must be submitted within 30 days after the publication of these preliminary results. Rebuttal briefs, which are limited to arguments raised in case briefs, must be submitted no later than five days after the time limit for filing case briefs, unless otherwise specified by the Department. 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. Parties submitting case and/or rebuttal briefs are requested to provide the Department copies of the public version on disk. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Also, pursuant to 19 CFR 351.310, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs.

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 19 CFR 351.309(c)(ii), 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 is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 U.S.C. 1677f(i)(1)).

Dated: September 2, 2003.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. 03–22943 Filed 9–8–03; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-489–807]

Certain Steel Concrete Reinforcing Bars From Turkey; Final Results, Rescission of Antidumping Duty Administrative Review in Part, and Determination Not To Revoke in Part

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

ACTION: Notice of final results of antidumping duty administrative review.

SUMMARY: On May 6, 2003, the Department of Commerce published the preliminary results of the administrative review of the antidumping duty order on certain steel concrete reinforcing bars from Turkey (68 FR 23972). This review covers five manufacturers/exporters of the subject merchandise to the United States. The period of review is April 1, 2001, through March 31, 2002. We are rescinding the review with respect to Diler Demir Celik Endustrisi ve Ticaret A.S./Yazici Demir Celik Sanayi ve Ticaret A.S./Diler Dis Ticaret A.S. and Ekinciler Demir Celik A.S. because these companies had no entries of subject merchandise to the United States during the period of review. Finally, we have determined not to revoke the antidumping duty order with respect to ICDAS Celik Enerji Tersane ve Ulasim Sanayi, A.S.

Based on our analysis of the comments received, we have made changes in the margin calculations. Therefore, the final results differ from the preliminary results. The final weighted-average dumping margins for the reviewed firms are listed below in the section entitled ''Final Results of Review.''

EFFECTIVE DATE: September 9, 2003.

FOR FURTHER INFORMATION CONTACT: Irina Itkin or Elizabeth Eastwood, Office of AD/CVD Enforcement, Office 2, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC, 20230; telephone (202) 482–0656 and (202) 482–3874, respectively.

SUPPLEMENTARY INFORMATION:

Background

This review covers the following five manufacturers/exporters: Colakoglu Metalurji A.S. and Colakoglu Dis Ticaret (collectively ''Colakoglu''); Diler Demir Celik Endustrisi ve Ticaret A.S., Yazici Demir Celik Sanayi ve Ticaret A.S., and Diler Dis Ticaret A.S. (collectively ''Diler''); Ekinciler Demir Celik A.S. (Ekinciler); Habas Sinai ve Tibbi Gazlar Istihsal Endustrisi A.S. (Habas); and ICDAS Celik Enerji Tersane ve Ulasim Sanayi, A.S. (ICDAS).

On May 6, 2003, the Department published in the **Federal Register** the preliminary results of administrative review of the antidumping duty order on certain steel concrete reinforcing bars (rebar) from Turkey. *See Certain Steel Concrete Reinforcing Bars from Turkey; Preliminary Results of Antidumping Duty Administrative Review and Notice of Intent Not to Revoke in Part*, 68 FR 23972 (May 6, 2003) (*Preliminary Results*). Also in May 2003, at our request we received supplemental cost information from Colakoglu.

On May 13, 2002, Diler and Ekinciler informed the Department that they had no shipments of subject merchandise to the United States during the period of review (POR). We reviewed data from the Bureau of Customs and Border Protection (BCBP) and confirmed that there were no entries of subject merchandise from either company. Consequently, in accordance with 19 CFR 351.213(d)(3) and consistent with our practice, we are rescinding our review for Diler and Ekinciler. For further discussion, see the ''Partial Rescission of Review'' section of this notice, below.

We invited parties to comment on our preliminary results of review. In June 2003, we received case briefs from the petitioners (Gerdau AmeriSteel Corporation, Commercial Metals Company (SMI Steel Group), and Nucor Corporation) and ICDAS, and rebuttal briefs from the petitioners, Colakoglu, and ICDAS.

The Department held a hearing on July 16, 2002, at the request of ICDAS.

The Department has conducted this administrative review in accordance with section 751 of the Act.

Scope of the Order

The product covered by this order is all stock deformed steel concrete reinforcing bars sold in straight lengths and coils. This includes all hot-rolled deformed rebar rolled from billet steel, rail steel, axle steel, or low-alloy steel. It excludes (i) plain round rebar, (ii) rebar that a processor has further worked or fabricated, and (iii) all coated rebar. Deformed rebar is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under item numbers 7213.10.000 and 7214.20.000. The HTSUS subheadings are provided for convenience and customs purposes. The written