and Constitution Avenue, NW, Washington, DC 20230.

The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination.

Dated: December 6, 1999.

Barbara E. Tillman,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 99–32394 Filed 12–13–99; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–580–842]

Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Structural Steel Beams From the Republic of Korea

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

EFFECTIVE DATE: December 14, 1999.

FURTHER INFORMATION CONTACT: Eric B. Greynolds or Tipten Troidl, Office of CVD/AD Enforcement VI, Import Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone (202) 482–2786.

Preliminary Determination

The Department of Commerce (the Department) preliminarily determines that counteravailable subsidies are not being provided to producers and exporters of structural steel beams from the Republic of Korea.

SUPPLEMENTARY INFORMATION:

Petitioners

The petition in this investigation was filed by Northwestern Steel & Wire Co., Nucor-Yamato Steel Co., TXI-Chaparral Steel Co., and the United Steelworkers of America (the petitioners).

Case History

Since the publication of the notice of initiation in the **Federal Register** (*see Notice of Initiation of Countervailing Duty Investigation: Structural Steel Beams From the Republic of Korea,* 64 FR 42088, (August 3, 1999) (*Initiation Notice*)), the following events have occurred. On July 29, 1999, we issued countervailing duty questionnaires to the Government of Korea (GOK), and the producers/exporters of the subject merchandise. On October 4, 1999, we postponed the preliminary determination of this investigation until no later than December 6, 1999. *See Structural Steel Beams From the Republic of Korea: Postponement of Preliminary Determination of Countervailing Duty Investigation,* 64 FR 53665 (October 4, 1999).

We received responses to initial questionnaires from the GOK and Kangwon Industries Ltd. (Kangwon), Inchon Iron and Steel Co., Ltd. (Inchon), producers of subject merchandise, on September 21, 1999. In addition, we received responses from three trading companies which are involved in exporting the subject merchandise to the United States: Hyosung Corporation (Hyosung), Sampyo Corporation (Sampyo), and Hyundai Corporation (Hyundai). Dongkuk Steel Mill Co, Ltd. (DSM) and its trading company, Dongkuk Industries Co., Ltd. (DKI), did not respond to the initial questionnaire. On October 15, 1999, we issued supplemental questionnaires to all of the responding parties and to DSM and DKI. We received responses from Kangwon and Inchon on November 15, 1999. We received a response to the second questionnaire from DSM and its trading company DKI on November 19, 1999. On November 19, 1999, we issued a second supplemental questionnaire to responding parties and received their responses on November 29, 1999.

Scope of the Investigation

For purposes of this investigation, the products covered are doubly-symmetric shapes, whether hot-or cold-rolled, drawn, extruded, formed or finished, having at least one dimension of at least 80 mm (3.2 inches or more), whether of carbon or alloy (other than stainless) steel, and whether or not drilled, punched, notched, painted, coasted, or clad. These products (Structural Steel Beams) include, but are not limited to, wide-flange beams (W shapes), bearing piles (HP shapes), standard beams (S or I shapes), and M-shapes.

All products that meet the physical and metallurgical descriptions provided above are within the scope of this investigation unless otherwise excluded. The following products, are outside and/or specifically excluded from the scope of this investigation: Structural steel beams greater than 400 pounds per linear foot or with a web or section height (also known as depth) over 40 inches.

The merchandise subject to these investigations is classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7216.32.0000, 7216.33.0030, 7216.33.0060, 7216.33.0090, 7216.50.000, 7216.61.0000, 7216.69.0000, 7216.91.0000, 7216.99.0000, 7228.70.3040, 7228.70.6000.

Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions of the Tariff Act of 1930, as amended by the Uruguay Round Agreements Act (URAA) effective January 1, 1995 (the Act). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations as codified at 19 CFR part 351 (1999) and to the substantive countervailing duty regulations published in the **Federal Register** on November 25, 1998 (63 FR 65345) (CVD Regulations).

Injury Test

Because the Republic of Korea (Korea) is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from Korea materially injure, or threaten material injury to, a U.S. industry. On September 1, 1999, the ITC published its preliminary determination finding that there is a reasonable indication that an industry in the United States is being materially injured, or threatened with material injury, by reason of imports from Korea of the subject merchandise (*See Certain Structural Steel Beams From Germany, Japan, Korea, and Spain,* 64 FR 47866 (September 1, 1999).

Alignment With Final Antidumping Duty Determination

On November 22, 1999, the petitioners submitted a letter requesting alignment of the final determination in this investigation with the final determination in the companion antidumping duty investigation. In accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final antidumping duty determinations in the antidumping investigations of structural steel beams. *See Initiation of Antidumping Investigations: Structural Steel Beams From Germany, Japan, South Korea, and Spain,* 64 FR 42084 (August 8, 1999).

Period of Investigation

The period of investigation for which we are measuring subsidies (the POI) is calendar year 1998.

Subsidies Valuation Information

Allocation Period

19 CFR 351.524(d)(2) states that we will presume the allocation period for non-recurring subsidies to be the average useful life (AUL) of renewable physical assets for the industry concerned, as listed in the Internal Revenue Service's (IRS) 1977 Class Life Asset Depreciation Range System and updated by the Department of Treasury. The presumption will apply unless a party claims and establishes that these tables do not reasonably reflect the AUL of the renewable physical assets for the company or industry under investigation, and the party can establish that the difference between the company-specific or country-wide AUL for the industry under investigation is significant.

In this investigation, no party to the proceeding has claimed that the AUL listed in the IRS tables does not reasonably reflect the AUL of the renewable physical assets for the firm or industry under investigation. Therefore, according to 19 CFR 351.524(d)(2), we have allocated all companies' non-recurring subsidies over 15 years, the AUL listed in the IRS tables for the steel industry.

Benchmarks for Long-Term Loans and Discount Rates:

During the POI, the respondent companies had both won-denominated and foreign currency-denominated long-term loans outstanding which had been received from government-owned banks, Korean commercial banks, overseas banks, and foreign banks with branches in Korea. A number of these loans were received prior to 1992. In the 1993 investigation of *Steel Products from Korea*,[1] the Department determined that, through 1991, the GOK influenced the practices of lending institutions in Korea and controlled access to overseas foreign currency loans. *See Final Affirmative Countervailing Duty Determinations and Final Negative Critical Circumstances Determinations: Certain Steel Products from Korea,* 58 FR 37338, 37339 (July 9, 1993) (*Steel Products from Korea*), and the ''Direction of Credit'' section below. In that investigation, we determined that the best indicator of a market rate for long-term loans in Korea was the three-year corporate bond rate on the secondary market. Therefore, in the preliminary determination of this investigation, we used the three-year corporate bond rate on the secondary market as our benchmark to calculate the benefits which the respondent companies received from direct foreign currency loans and domestic foreign currency loans obtained prior to 1992, and still outstanding during the POI.

In *Plate in Coils* and the *Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea,* 64 FR 30636 (June 8, 1999), (*Sheet and Strip*), the Department, for the first time, examined the GOK's direction of credit policies for the period 1992 through 1997. Based on new information gathered during 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 the current investigation, we preliminarily determine that the GOK still exercised substantial control over lending institutions in Korea during the POI.

Based on our findings on this issue in prior investigations, as well as in the instant investigation, discussed below in the ''Direction of Credit'' section of this notice, we are using the following benchmarks to calculate respondents' long-term loans obtained in the years 1992 through 1998: (1) For countervailable, foreign-currency denominated long-term loans, we used, where available, the company-specific weighted-average U.S. dollar-denominated interest rates on the companies' loans from foreign bank branches in Korea. With respect to Kangwon, the firm did not report any U.S. dollar loans from foreign bank branches in Korea. Therefore, we had to rely on a U.S. dollar loan benchmark that is not company-specific, but provides a reasonable representation of industry practice, to determine whether a benefit was provided to Kangwon from U.S. dollar loans received from government banks and Korean domestic banks. Thus, in keeping with the methodology employed in *Sheet and Strip,* 64 FR 30636, 30640, we used the weighted-average interest rates on U.S. dollar loans from foreign bank branches in Korea received by another respondent in this investigation, Inchon, as a benchmark for Kangwon's U.S. dollar loans from government banks and Korean Domestic Banks; (2) For countervailable won-denominated long-term loans, where available, we used the company-specific corporate bond rate on the companies' public and private bonds. We note that this benchmark is based on the decision in *Plate in Coils,* 64 FR 15530, 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 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,* 64 FR 15530, 15532, 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.

We are also using, where available, the company-specific corporate bond rate as the discount rate to determine the benefit from non-recurring subsidies received between 1992 and 1998. Where unavailable, we are using the national average of the three-year corporate bond rate.

Benchmarks for Short-Term Financing

For those programs that require the application of a short-term interest rate benchmark, we used as our benchmark a company-specific weighted-average interest rate for commercial won-denominated loans outstanding during the POI. Kangwon, Inchon, Hyundai, Hyosung and DKI reported company-specific, short-term commercials interest rates.

Creditworthiness

As stated in our *Initiation Notice*, we initiated an investigation of Kangwon's creditworthiness from 1991 through 1998, to the extent that nonrecurring grants, long-term loans, or loan guarantees were provided in those years.

Regarding the period from 1992 through 1998, Kangwon reported that it issued long-term corporate bonds during each of these years. The Department's regulations, as well as its past practice,

[1] On October 1, 1999, the United States Court of Appeals for the Federal Circuit (CAFC) issued a decision regarding *Steel Products from Korea. See AK Steel Corp* v. *United States, 192 F.3d (AK Steel, 192 F.3d).* The Department has not received specific instructions on this decision. However, our review of the decision indicates that the CAFC found that there was not sufficient evidence on the record of *Steel Products from Korea* to determine that the GOK provided credit directly to the Korean steel industry. In this investigation, we have additional information on the record indicating that the GOK's direction of credit prior to 1992 provided a countervailable benefit to the Korean steel industry. Therefore, the selection of long-term benchmarks cited to in *Steel Products from Korea* is appropriate for this current investigation. For further information on direction of credit prior to 1992, see the ''Direction of Credit'' section of this notice.

indicate that the receipt by a firm of comparable long-term commercial loans, provided without a government guarantee constitutes dispositive evidence that the firm is creditworthy. *See*, 19 CFR 351.505(a)(4)(ii) and *e.g.*, *Final Negative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Laminated Hardwood Trailer Flooring from Canada*, 62 FR 5201 (February 4, 1997). In *Plate in Coils*, the Department determined that the GOK did not control the domestic bond market. Therefore, because the domestic bond market represents a legitimate commercial source of long-term financing, we preliminarily determine that the issuances of these bonds provides evidence of Kangwon's creditworthiness during the period 1992 through 1998.

Because we determined that the Korean bond market was controlled prior to 1992 by the GOK in *Steel Products from Korea*, we could not use Kangwon's issuance of bonds to establish whether the company was creditworthy for the period prior to 1992. Therefore, with respect to 1991, we considered Kangwon's past and present financial health, as reflected in various financial indicators calculated from the firm's financial statements and accounts, in making a determination on whether Kangwon was creditworthy in that year. To this end, we calculated Kangwon's financial indicators for the years 1988 through 1991. In our examination of Kangwon's relevant financial ratios, we did not find that the company would be unable to meet its debt obligations. For more information on the creditworthiness of Kangwon during 1991, see the December 6, 1999, memorandum to David Mueller, Director of the Office of AD/CVD Enforcement VI, a public document on file in the Department's Central Records Unit, Room B–099. Therefore, based upon our examination of Kangwon's financial ratios during the years 1988 through 1991, we preliminarily determine Kangwon to also be creditworthy in 1991.

Treatment of Subsidies Received by Trading Companies

We required responses from trading companies with respect to the export subsidies under investigation because the subject merchandise may be subsidized by means of subsidies provided to both the producer and the exporter of the subject merchandise. All subsidies conferred on the production and exportation of subject merchandise benefit the subject merchandise even if it is exported to the United States by an unaffiliated 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. *See* 19 CFR 351.525.

During the POI, Kangwon exported the subject merchandise to the United States through two trading companies, Hyosung and Sampyo. Inchon exported subject merchandise through one trading company, Hyundai. DSM exported subject merchandise through its trading company, DKI. Hyosung, Sampyo, Hyundai and DKI responded to the Department's questionnaires with respect to the export subsidies under investigation.

Under 19 CFR 351.107, when 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 ''Explanation of the Final Rules'' (the Preamble), 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. In such situations, the Department will make exceptions to its combination rate approach on a case-by-case basis. *See* Antidumping Duties; Countervailing Duties; Final Rule, 62 FR 27296, 27303 (May 19, 1997).

In this investigation, we preliminarily determine that it is not appropriate to establish combination rates. This preliminary determination is based on two main facts: First, the majority of subsidies conferred upon the subject merchandise were received by the producers. Second, the difference in the levels of subsidies conferred upon individual trading companies with regard to subject merchandise is insignificant. Thus, combination rates would serve no practical purpose because the calculated subsidy rate for any of the producers and a combination of any of the trading companies would effectively be the same rate. Instead, we have continued to calculate rates for the producers of subject merchandise that include the subsidies received by the trading companies. To reflect those subsidies that are received by the exporters of the subject merchandise in the calculated *ad valorem* subsidy rate, we used the following methodology: For each of the three trading companies, we calculated the benefit attributable to the subject merchandise. We then factored that amount into the calculated subsidy rate for the relevant producer. In each case, we determined the benefit received by the trading companies for each export subsidy, and weighted the average of the benefit amounts by the relative share of each trading company's value of exports of the subject merchandise to the United States. These calculated *ad valorem* subsidies were then added to the subsidies calculated for the producers of subject merchandise. Thus, for each of the programs below, the listed *ad valorem* subsidy rate includes countervailable subsidies received by both the producing and trading companies.

I. Programs Preliminarily Determined To Be Countervailable

A. The GOK's Direction of Credit Policies

1. The GOK's Credit Policies Through 1991

As noted above in the ''Subsidies Valuation Section'' of this notice, on October 1, 1999, the CAFC issued a decision regarding *Steel Products from Korea. See AK Steel , 192 F.3d.* The Department has not received specific instructions on this decision. However, our review of the decision indicates that the CAFC found that there was not sufficient evidence on the record of *Steel Products from Korea* to determine that the GOK provided credit directly to the Korean steel industry. Nevertheless, information placed on the record of this proceeding supports and indicates that the GOK's direction of credit provided a countervailable benefit to the steel industry. *See Memorandum to Holly Kuga from David Mueller RE: Direction of Credit Pre-1991* dated December 6, 1999, and placed on file in the Central Records Unit, Room B–099 of the Department of Commerce. Thus, based on this information, which includes new information that was not on the record of *Steel Products from Korea*, we preliminarily determine that all loans disbursed to respondent companies through 1991 are countervailable. Therefore, we continue to determine that the provision of long-term loans in Korea through 1991 results in a financial contribution within the meaning of section 771(5)(D)(i) of the Act. In accordance with section 771(5)(E)(ii) of the Act, a benefit has been conferred to the recipient to the extent that the regulated loans are provided at interest rates less than the benchmark rates described under the ''Subsidies Valuation Information'' section, above.

Kangwon received long-term fixed and variable loans that were outstanding during the POI. Because the terms, grace

periods, and repayment schedules of Kangwon's long-term fixed rate loans differed from those of the long-term fixed rate benchmark, we applied the methodology provided for in 19 CFR 351.505(c)(3). Specifically, to derive the benefit, we performed the following: (1) We calculated the net present values of the repayment streams; (2) We subtracted the net present value figures from the original loan amounts; and (3) We allocated the differences (*i.e.,* the grant equivalents) to the POI using the methodology provided for in 19 CFR 351.524(d)(1). To determine the benefit from the loans with variable interest rates, we applied the methodology provided for in 19 CFR 351.505(c)(4). Therefore, for Kangwon and DSM's variable rate loans, we calculated the difference in interest payments for the POI based upon the difference in the amount of actual interest paid during 1998 on the regulated loans and the amount of interest that would have been paid on a comparable commercial loan. Having derived the benefit amounts attributable to the POI for Kangwon's and DSM's fixed and variable rate loans, we then summed the benefit amounts from the loans and divided the total benefit by the companies' respective total sales. On this basis, we preliminarily determine the net countervailable subsidy to be 0.09 percent *ad valorem* for Kangwon and 0.06 percent *ad valorem* for DSM. Inchon did not have any pre-1992 loans outstanding during the POI.

2. The GOK's Credit Policies From 1992 Through 1998

In the *Plate in Coils* and *Sheet and Strip* investigations, the Department determined that the GOK continued to control directly and indirectly the lending practices of most sources of credit in Korea through 1997.[2] The Department also determined 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. This credit conferred a benefit on the producers/exporters of the subject merchandise to the extent that the interest rates on the countervailable loans were less than the interest rates on comparable commercial loans. *See* section 771(5)(ii) of the Act. *See* also *Plate in Coils*, 64 FR 15530, 15533, and *Sheet and Strip*, 64 FR 30636, 30642.

We provided the GOK with the opportunity to present new factual information concerning the government's credit policies during the 1992 through 1997 period, which we would consider along with our finding in the prior investigations. The GOK did not provide new factual information that would lead us to change our determination in *Plate in Coils* and *Sheet and Strip.* Therefore, we continue to find lending from domestic banks and from government-owned banks such as the KDB to be countervailable.

In this investigation, petitioners allege that the GOK continued to control the practices of lending institutions in Korea through the POI, and that the steel sector received a disproportionate share of low-cost, long-term credit, resulting in countervailable benefits being conferred on the producers/exporters of the subject merchandise. Petitioners assert, therefore, that the Department should countervail all long-term loans received by the producers/exporters of the subject merchandise that were still outstanding during the POI.

We examined whether the GOK continued to control or influence directly or indirectly, the lending practices of sources of credit in Korea in 1998, in light of our prior finding that the GOK controlled and directed credit provided by domestic banks and government-owned banks during the period 1992 through 1997. In its questionnaire responses, the GOK asserted that it does not provide direction or guidance to Korean financial institutions in the allocation of loans to selected industries. The GOK stated that the lending decisions and loan distributions of financial institutions in Korea reflect commercial considerations. The GOK also stated that its role in the financial sector is limited to monetary and credit policies as well as bank supervision and examination.

According to the GOK, measures were taken in 1998 to liberalize the Korean financial sector. For example, in January 1998 the GOK announced closure of some banks, and in April 1998, launched the Financial Supervisory Commission (FSC) to monitor the competitiveness of financial institutions. In June 1998, the Regulation on Foreign Exchange Controls was amended to further liberalize foreign currency transactions, and in July, the GOK abolished the limit on purchasing foreign currency. According to the GOK, it also liberalized access to foreign loans. For direct foreign loans to Korean companies, the approval process under Article 19 of the Foreign Investment and Foreign Capital Inducement Act (FIFCIA) and Article 21 of its enforcement decree were eliminated and replaced with the Foreign Investment Promotion Act (FIPA), effective in November 1998. However, during most of the POI, access to direct foreign loans still required the approval of the Ministry of Finance and Economy.

Regarding the GOK regulated credit from government-controlled banks such as the Korea Development Bank (KDB), the GOK reported that the KDB Act was amended in January 1998, in response to the financial crisis in 1997. According to the GOK, with the new Act the KDB no longer allocates funds for various functional categories; such as R&D, environment and technology. All functional loan categories were eliminated and such loans were consolidated into a single category for facility (equipment) loans. The GOK also stated that the KDB strengthened its credit evaluation procedures by developing an objective and systematic credit evaluation standard to prevent arbitrary decisions on loans and interest rates. The KDB changed its Credit Evaluation Committee to the Credit Deliberation Committee (CDC), and gave the CDC the authority to make lending decisions. As a result, the KDB governor no longer makes lending decisions without the approval of the CDC. The GOK also stated that in 1997, the KDB used the prime rate plus a spread for determining interest rates. Effective January 1, 1998, the KDB increased the range of the credit spread to provide more flexibility in determining interest rates based on creditworthiness and to allow the KDB to increase its profits. However, respondents did not provide any evidence to demonstrate that the KDB has discontinued the practice of selectively making loans to specific firms or activities to support GOK policies.

In *Plate in Coils*, the Department noted conflicting information regarding the GOK's direct or indirect influence over the lending decisions of financial institutions. For example, the GOK policies appeared to be aimed, in part, at promoting certain sectors of the economy, such as high technology and small and medium-sized industries (SMEs).

[2] In the *Plate in Coils* and *Sheet and Strip* investigations, the Department based its affirmative direction of credit determination for the period 1992 through 1997 on record evidence covering a time period different than that covered by the CAFC's decision in *Steel Products from Korea* which was Pre-1991. Moreover, in its decision, the CAFC did not reject the notion of the GOK directing credit specifically to the Korean steel industry but rather took issue with the evidence upon which the Department based its affirmative finding. Thus, because the Department based its affirmative direction of credit determination for the years 1992 through 1997 on evidence that was not before the CAFC at the time of its decision in *AK Steel*, that case does not preclude a finding of directed credit during this later time period.

While the GOK started to plan and implement reforms in the financial system during the POI as a result of the 1997 financial crisis, the record evidence indicates that the GOK previously attempted reforms of the financial system in order to remove or reduce its control and influence over lending in the country. In the past ten years, the GOK has twice attempted to reform its financial system. In 1988, the GOK attempted to deregulate interest rates. However, the government deemed the 1988 liberalization a failure. When the interest rates began to rise, the GOK canceled the reforms by indirectly pressuring the banks to keep interest rates low. In the early 1990s, the GOK attempted reforms again with a four-stage interest rate deregulation plan. Again, the GOK deemed this attempt to reform the financial system a failure. During 1998 and 1999, the GOK has threatened to cut off credit to Korean companies unless the companies follow GOK policies. In addition, during the POI, the GOK took control of five large commercial banks due to the financial crisis.

Based upon the information on the record and our determinations in *Plate in Coils* and *Sheet and Strip*, we preliminarily determine that the GOK continued to control directly and indirectly, the lending practices of domestic banks and government-owned banks through the POI.

With respect to foreign sources of credit, in *Plate in Coils* and *Sheet and Strip*, we determined that access to government regulated foreign sources of credit in Korea did not confer a benefit to the recipient as defined by 771(5)(E)(ii) of the Act, and, as such, credit received by respondents from these sources were found not countervailable. This determination was based upon the fact that credit from Korean branches of foreign banks was not subject to the government's control and direction. Thus, respondents' loans from these banks served as an appropriate benchmark to establish whether access to regulated foreign sources of credit conferred a benefit on respondents. On the basis of this comparison, we found that there was no benefit. Petitioners have not provided any new information or evidence of changed circumstances to cause us to revisit this determination. Therefore, we continue to determine that credit from Korean branches of foreign banks were not subject to the government's control and direction. As such, lending from this source continues to be not countervailable, and loans from Korean branches of foreign banks continue to serve as an appropriate benchmark to establish whether access to regulated foreign sources of funds confer a benefit to respondents.

With respect to loans provided under the Energy Savings Fund, in *Plate in Coils*, 64 FR 15330, 15533, the Department found that these loans were countervailable as directed credit on the grounds that they are policy loans provided by banks that are subject to the same GOK influence as described above. Inchon and Kangwon reported Energy Savings Fund loans outstanding during the POI. Accordingly, the loans are countervailable as directed credit, and we have included these long-term, fixed-rate loans in Inchon's and Kangwon's benefit calculations for directed credit.

Similarly, loans provided under the Science and Technology Promotion Fund, are disbursed by the Korea Technology Bank, a GOK owned/controlled bank. We preliminarily find that these long-term fixed rate loans are provided by banks subject to GOK influence and, therefore, are countervailable as directed credit.

With respect to loans that Kangwon received under the industry technology development fund, Kangwon stated in its questionnaire response that these loans were for a research and development project that was tied to non-subject merchandise. Thus, for the purposes of this preliminary determination, we have not included these loans in our subsidy calculations. We note that Kangwon's questionnaire response on this matter will be subject to verification.

Inchon, Kangwon and DSM received long-term fixed and variable rate loans from GOK owned/controlled institutions during the years 1992 through 1998 that were outstanding during the POI. In order to determine whether these GOK directed loans conferred a benefit, we employed the same methodologies described in the ''GOK's Credit Policies Through 1991'' section of this notice. Having derived the benefit amounts attributable to the POI for the companies' fixed and variable rate loans, we then summed the benefit amounts from the loans and divided the total benefit by each company's respective total sales. On this basis, we preliminarily determine the net countervailable subsidy to be 0.02 percent *ad valorem* for Inchon, 0.57 percent *ad valorem* for Kangwon and 0.12 percent *ad valorem* for DSM.

B. Debt Restructuring for Kangwon

In late 1997, Korea experienced a foreign exchange crisis that sharply increased the cost of foreign currency loans in won terms and greatly decreased the availability of domestic, won-denominated loans. This external crisis placed many Korean corporations in jeopardy. As a result, the International Monetary Fund (IMF) coordinated a $58 billion loan package in the form of Stabilization Assistance Loans (SAL) aimed at bolstering the Korean economy. In order to receive the SALs, the GOK had to agree to certain terms. Among these terms was the financial restructuring of the corporate sector, in which companies voluntarily submitted to corporate workouts. To implement these reforms, the GOK adopted a method of debt restructuring recommended by the IMF called the ''London Approach,'' a corporate restructuring program first developed by the Bank of England. Under the London Approach, the central bank establishes a set of basic principles that govern how banks respond when one of their corporate customers faces serious financial difficulty. The main elements of this approach are as follows: First, banks should remain supportive of those companies that are facing financial difficulties. While a bank should be concerned with their level of exposure, it must keep a company's facilities in place and should not appoint receivers. Second, decisions about a company's longer term future should only be made on the basis of comprehensive information, which is shared among all the banks facing exposure and other parties to the workout. Third; banks should work together to reach a collective view on whether and on what terms a company should be eligible for financial restructuring. The fourth and final factor specifies that the seniority of claims should continue but be tempered by an element of ''shared pain,'' (*i.e.,* equal treatment for all creditors of a single category). Additionally, among the tenets of the London Approach is that authorities should not guarantee the survival of businesses nor should they influence what companies or industries be preserved. Rather, the London Approach attempts to lay down a framework for securing an orderly and well-informed decision on whether and on what terms a company is worth supporting.

In order to implement the London Approach, the GOK, through the FSC developed three agreements especially designed for the debt restructuring process: The Agreement of Financial Institutions for Promoting Corporate Restructuring (Corporate Restructuring Agreement), the Enforcement Regulations of the Corporate Restructuring Agreement, and the

Operational Guideline for Workout Agreements. A total of 205 financial institutions agreed to adhere to these agreements by December 31, 1998. Under these agreements, the FSC adopted principles similar to those under the London Approach such as the sharing of lost principal by creditor banks and the minimization of lost principal.

Under the corporate financial restructuring program, the workouts were divided by corporate groups. The FSC identified the lead bank, normally the group's largest creditor, as the bank responsible for negotiating the terms of any corporate workout. The lead bank sent letters of introduction to companies in the group describing the types of companies that were targets for the restructuring program and inviting those companies to submit to the restructuring program. Applicants were then reviewed by a selection committee appointed by the lead banks, and were selected based upon the likelihood of success.

In July of 1998, the FSC selected the Kangwon Group, of which Kangwon is a member, to participate in the debt restructuring program. Chohung Bank is the largest creditor of the Kangwon Group and, thus, was selected to be the lead bank. Responding to Chohung's initial letter of introduction, Kangwon, along with three other members of the Kangwon group, petitioned for consideration as candidates for the workout program. Accordingly, Chohung, along with the other creditors, held a series of creditor conferences during which they established the terms of the debt restructuring. These meetings culminated in a debt restructuring contract between participating Kangwon Group companies and their creditors. This contract was signed on December 22, 1998.

As a result of the debt restructuring, principal and interest payments were suspended on many of Kangwon's loans. In addition, with the exception of policy loans, public and private bonds and foreign securities, the repayment dates of all long-term loans were extended. The debt restructuring also created for Kangwon three additional types of long-term loans. First, many of Kangwon's short-term loans (Type 1 Loans) were converted into long-term loans with maturity dates of December 31, 2001. Second, Kangwon received new three-year loans for operating capital (Type II Loans). Third, with respect to Kangwon's previously disbursed long-term loans (Type III Loans), the unpaid interest that accrued prior to the applicable date of the workout agreement, October 18, 1998, was converted into new three-year loans with maturity dates of December 31, 2001. Under the plan, no debt was written off and no debt nor did any debt-for-equity swaps occurred.

Petitioners allege that the GOK influenced the banks' decision to select Kangwon for a restructuring. Petitioners further allege that the restructured loans and newly issued loans that came out of the workout were carried out on terms inconsistent with comparable commercial practices and, thus, conferred a benefit upon Kangwon. Petitioners further allege that pursuant to section 771(5B)(iii) of the Act, the GOK's involvement in the debt restructuring constitutes a financial contribution in which the GOK directed private banks to restructure Kangwon's debt.

Regarding previously disbursed long-term loans that were later refinanced under the restructuring program (Type III Loans), we preliminarily determine that they are specific and confer a benefit because they only converted interest due on loans originally provided during a period in which we determined that the GOK directed credit specifically to the Korean Steel Industry. For more information, see the ''Direction of Credit'' section of this notice.

With respect to the new Type I and II loans provided under the debt restructuring program, we analyzed whether they were countervailable within the relevant provisions of section 771(5) of the Act. Specifically, the Act states that a subsidy shall be deemed to exist provided that its meets all three of the following criteria: (1) There is a financial contribution by a government or any public entity within the territory of that government, (2) a benefit is conferred and (3) the subsidy meets the specificity criteria under section 771(5A) of the Act.

In order to determine whether the previously issued short-term loans that were converted to long-term loans (Type I Loans) and the new long-term loans issued under Kangwon's debt restructuring (Type II Loans) conferred a subsidy upon Kangwon, we analyzed whether they were specific in law (*de jure* specific), or in fact (*de facto* specific), within the meaning of section 771(5A)(D) (i) and (iii) of the Act. First, we examined the eligibility criteria that governed the debt restructuring program.

According to the GOK's questionnaire response, each corporate group's lead bank in conjunction with an independent selection committee determined the eligibility for participation in debt restructuring. Among the criteria listed in the Operational Guidelines for the Workout Agreement, prospective workout candidates had to demonstrate: that their core business was viable and stable, that credit obligations were not excessive relative to their sales and profitability, that the company had the ability to maintain the normal payment of interest and business transactions on the restructured debt, that credit obligations did not greatly exceed those of other workout candidates, and that the company had a history of timely and sound financial transactions. Thus, based on the fact that the criteria enumerated in the Operational Guidelines for the Workout Agreement do not explicitly limit eligibility to a specific enterprise or industry or group, we find that the Type I and II loans provided under the debt restructuring program are not *de jure* specific within the meaning of section 771(5A)(D)(iii) of the Act.

We then examined data on the distribution of companies that were restructured under the program to determine whether the debt restructuring program meets the criteria for *de facto* specificity under section 771(5A)(D)(iii) of the Act. In its questionnaire response, the GOK provided a chart listing the industries involved in debt restructuring programs. The industries that participated in the debt restructuring program ranged across the entire economic spectrum from basic metals, textiles, construction, telecommunications, electronics, and chemicals to the hotel and restaurant industry. The construction industry received the largest percentage of debt restructurings with 16 percent followed by the chemicals industry with 13 percent. With respect to the basic metals companies, they represented only 6 percent of the companies selected. Thus, based on the fact that a broad range of industries participated in the program and the basic metals industry was not a dominant user, we preliminarily find that this program, as it pertains to Type I and II loans, is not *de facto* specific. Additionally, because the Type I and Type II loans do not meet the specificity criteria under section 771(5A) of the Act, we preliminarily determine that the loans do not confer a subsidy and, thus, are not countervailable. We note that because these loans are not specific, it is not necessary to analyze whether these loans constitute a financial contribution or confer a benefit, within the meaning of section 771(5) of the Act.

As with the loans found countervailable in the ''GOK's Direction

of Credit Policies'' section of this notice, we calculated the benefit attributable to the variable-rate, Type III loans by following the methodology provided for in 19 CFR 351.505(c)(4). Having derived the benefit amounts attributable to the POI for Kangwon's loans, we summed the benefit amounts from the loans and divided the total benefit by the company's total sales. On this basis, we preliminarily determine the net countervailable subsidy to be less than 0.005 percent *ad valorem* for Kangwon.

C. Reserve for Export Loss—Article 16 of the TERCL

Under Article 16 of the Tax Exemption and Reduction Control Act (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 taxes owed amounts to an interest-free loan in the amount of the company's tax savings. This program is only available to exporters. During the POI, Inchon and DKI claimed benefits under this program.

We preliminarily determine that the Reserve for Export Loss program constitutes an export subsidy under section 771(5A)(B) of the Act, because the use of the program is contingent upon export performance. We also preliminarily determine 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. *See Plate in Coils,* 64 FR 15530, 15534, and *Sheet and Strip,* 64 FR 30636, 30645.

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, 1997, by the corporate tax rate for 1997. 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 by Inchon's and DKI's respective weighted-average interest rate for short-term won-denominated commercial loans for the POI, as described in the ''Subsidies Valuation Information'' section, above. With respect to DKI, we used the methodology for calculating subsidies received by trading companies, which is also detailed in the ''Subsidies Valuation'' section of this notice, to calculate the benefit for the DKI. We then divided the benefit by each companies' respective total export sales. On this basis, we calculated a countervailable subsidy of 0.05 percent *ad valorem* for Inchon and 0.05 percent *ad valorem* for DKI.

D. Reserve for Overseas Market Development Under TERCL Article 17

Article 17 of the TERCL allows a domestic person engaged in a foreign trade business 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 over a three-year period, after a one-year grace period. As is the case with the Reserve for Export Loss, 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 income tax either when it offsets export losses or when the grace period expires. The deferral of taxes owed amounts to an interest-free loan equal to the company's tax savings. This program is only available to exporters. Hyosung and Hyundai claimed benefits under this program during the POI.

In *Sheet and Strip,* 64 FR 30636, 30645, we determined that this program 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 determine 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. 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.

To determine the benefit conferred by this program during the POI, we employed the same methodology used for determining the benefit from the Reserve for Export Loss program under Article 16 of the TERCL. We used as our benchmark interest rate, each company's respective weighted-average interest rate for short-term won-denominated commercial loans for the POI, as described in the ''Subsidies Valuation Section'' above. Using the methodology for calculating subsidies received by trading companies, which is also detailed in the ''Subsidies Valuation'' section of this notice, we calculated a benefit for the two trading companies. We then divided the benefit by each trading companies' respective total export sales. On this basis, we calculated a countervailable subsidy of less than 0.005 percent *ad valorem* for Kangwon and Inchon and a subsidy of 0.02 percent *ad valorem* for DSM.

E. Investment Tax Credits under Article 25 of the TERCL Act

Under the TERCL, companies in Korea are allowed to claim investment tax credits for various kinds of investments. If the tax credits cannot all be used at the time they are claimed, the company is authorized to carry them forward for use in later tax years. In *Steel Products from Korea,* we found that investment tax credits were not countervailable (*see Steel Products from Korea,* 58 FR 37338, 37351); however, there were changes in the statute effective in 1995, which caused us to revisit the countervailable status of the investment tax credits. *See Plate in Coils,* 64 FR 15530, 15534, and *Sheet and Strip,* 64 FR 30636, 30645.

Inchon claimed or used tax credits under Article 25 in its fiscal year 1997 income tax return which was filed during the POI and DSM claimed Article 25 for its 1997 fiscal year income tax return. Under Article 25, a company normally calculates its authorized tax credit based upon 3 or 5 percent of its investment, *i.e.*, the company receives either a 3 or 5 percent tax credit. However, if a company makes the investment in domestically-produced facilities under Article 25, it receives a 10 percent tax credit. Though the investment tax credit was amended to eliminate the rate differential between domestic and foreign-made facilities for investments that are made after December 31, 1997, the differing rate remains in effect for investments made prior to that date. Moreover, Article 25 tax credits on these investments can be carried forward beyond the POI.

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. In *Sheet and Strip,* we

examined the use of investment tax credits under Article 25. *See Sheet and Strip,* 64 FR 30636, 30645. In that case, we determined that investment tax credits received under Article 25 constituted import substitution subsidies under section 771(5A)(C) of the Act, because Korean companies received a higher tax credit for investments made in domestically-produced facilities under this Article. In addition, because the GOK foregoes collecting tax revenue otherwise due under this program, we also determined that a financial contribution is provided under section 771(5)(D)(ii) of the Act.

As stated above, Inchon and DSM claimed investment tax credits under Articles 25. Therefore, we preliminarily determine that these tax credits provided Inchon with a countervailable benefit. DSM was entitled to claim investment tax credits under Article 25 during the POI. However, DSM did not use the tax credits to reduce its tax liability during the POI. Instead, the company carried forward the tax credits which can be used in the future. Because DSM did not claim the investment tax credits on its tax return which was filed during the POI, we preliminarily determine that DSM did not use this program during the POI.

To calculate the benefit to Inchon from this tax credit program, we determined the value of the tax credits Inchon deducted from its taxes payable for the 1997 fiscal year. In Inchon's 1997 income tax return filed during the POI, it deducted from its taxes payable, credits earned prior to and during 1997, which were carried forward and used in the POI. We first determined those tax credits which were claimed based upon the investment in domestically-produced facilities. We then calculated the additional amount of tax credits received by the company because it earned tax credits of 10 percent on investments in domestically-produced facilities rather the regular 3 or 5 percent tax credit. Next, we calculated the amount of the tax savings received through the use of these tax credits during the POI, and divided that amount by Inchon's total sales for the POI. On this basis, we preliminarily determine a net countervailable subsidy of 0.07 percent *ad valorem* for Inchon.

F. Asset Revaluation Pursuant to TERCL Article 56(2)

This provision under Article 56(2) of the Tax Exemption and Reduction Control Act (TERCL) allowed companies making an initial public offering between January 1, 1987, and December 31, 1990, to revalue their assets without meeting the requirement in the Asset Revaluation Act of a 25 percent change in the wholesale price index since the company's last revaluation. In *Steel Products from Korea,* after verification, petitioners submitted additional information which, according to them, indicated that certain steel companies revaluation may have been significantly greater than that of the other companies that revalued. Because the information submitted by petitioners was untimely, it was rejected; however, we requested additional information on the subject. The additional information submitted by petitioners contained data on the amount of assets revalued of only 45 of the 207 companies that revalued pursuant to Article 56(2). It was unclear from petitioners' data which companies revalued pursuant to Article 56(2) and which revalued in accordance with the general provisions of the Asset Revaluation Act. Because of these shortcomings, and because the information was submitted too late for verification, we were unable to draw conclusions with respect to the relative benefit derived by steel companies from this program. Since there was no evidence of *de jure* or *de facto* selectivity concerning the timing of these steel companies' revaluation or the method of revaluation under the Asset Revaluation Act, the Department determined this program to be not countervailable. *See Steel Products from Korea,* 58 FR 37338, 37351.

The Department is currently reviewing Asset Revaluation under Article 56(2) in the *Cut-to-Length Plate* case. Based upon information provided in that case, and subsequent findings, there is information to substantiate the allegation that Inchon and DSM received a benefit under this program because their massive asset revaluations permitted the companies to substantially increase their depreciation and, thereby, reduce their income taxes payable. In the *Cut-to-Length Plate,* petitioners provided a chart listing 197 eligible companies for revaluation of their assets pursuant to this program. The chart illustrates that 14 companies in the basic metals industry that used this program accounted for 67 percent of the total amount of asset revaluations under Article 56(2). Based on this new information, the Department initiated a reexamination of the countervailability of this program and solicited information regarding the usage of this program.

Because the enabling legislation does not expressly limit access to the subsidy to an enterprise or industry, or group thereof, the program is not *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act. Although the regulation itself does not expressly limit the access to this law to a specified group or industry, it does place restrictions on the time period and eligibility criteria which may have caused *de facto* limitations on the actual usage of this tax program. For example, Article 56(2) was enacted on November 28, 1987, and applied only to companies making an initial public offering from January 1, 1987 until the provision was abolished effective December 31, 1990. Pursuant to Article 56(2), companies listed on the Korea Stock Exchange between January 1, 1987 and December 31, 1988, had until December 31, 1989 to revalue their assets. A company that listed its stock after December 31, 1988 had to revalue its assets prior to being listed on the stock exchange. Therefore, based upon the eligibility criteria of the program, Article 56(2) effectively limited usage of this program to only the 316 companies that were newly listed on the Korean Stock Exchange during the three years the program was in place rather than the 15 to 24 thousand manufacturers in operation in Korea during that period. Kangwon revalued in 1976 and therefore was not allowed to revalue under Article 56(2).

According to section 771(5A)(D)(iii) of the Act, a subsidy is *de facto* specific if one of the following factors exist: (1) The actual recipients of the subsidy, whether considered on an enterprise or industry basis, are limited in number; (2) An enterprise or industry is a predominant user of the subsidy; (3) An enterprise or industry receives a disproportionately large amount of the subsidy; or (4) The manner in which the authority providing the subsidy has exercised discretion in the decision to grant the subsidy indicates that an enterprise or industry is favored over others.

Information on the record of the current investigation indicates that during the period 1987–1990, there were between 14,988 and 24,073 manufacturing companies operating in Korea. As a requirement for participation in this program, companies had to make an initial public offering between January 1, 1987 and December 31, 1990. DSM listed its initial public offering in May 1988 and revalued its assets under Article 56(2) in July 1988. Inchon listed its initial public offering in May 1987 and revalued its assets under Article 56(2) in April 1989. According to the GOK's July 1, 1999 questionnaire response, 77 companies revalued their assets in 1989. The basic metal sector accounted for 83 percent of the total revaluation surplus amount (book value less revalued amount). The record evidence indicates that the basic

metal industry was a dominant user of this program in 1988 through 1989. *See, e.g., Stainless Steel Plate in Coils from South Africa,* 64 FR 15553 (March 1999). Therefore, we preliminarily determine that this program is specific, within the meaning of 771(5A)(D)(iii) of the Act. As a result of the increase in the value of depreciable assets resulting from the asset revaluation, the companies lowered their tax liability. Therefore, we also preliminarily determine that the program provides a financial contribution within the meaning of section 771(5)(D)(ii) of the Act, by allowing companies to reduce their income tax liability, the GOK has foregone revenue that is otherwise due.

The benefit from this program is not the amount of the revaluation surplus, but rather the impact of the difference that the revaluation of depreciable assets has on a company's tax liability each year. However, respondents did not provide this information, and stated that the depreciation expense resulting from the asset revaluation would involve a detailed, item-by-item comparison of thousands of items, and that it would be difficult for them to distinguish between the remaining benefit from revaluation under Article 56(2), and revaluation pursuant to normal procedures of the Asset Revaluation Act. Therefore, we have calculated the benefit from this program by determining the surplus amount of the revaluation of assets authorized under the program for each company subtracting out land, as land is not a depreciable asset, and divided the total revaluation surplus by 15, the AUL we are using in this investigation. We then multiplied the amount of the revaluation surplus attributable to the POI by the tax rate applicable to the tax return filed in the POI, and divided the benefit for each company by their respective total sales during the POI. On this basis, we preliminarily determine a net countervailable subsidy of 0.21 percent *ad valorem* for Inchon and 0.08 percent *ad valorem* for DSM.

G. Electricity Discounts Under the Requested Load Adjustment Program

Petitioners alleged that Korean steel producers are being charged utility rates at less than adequate remuneration and, hence, the production of the subject merchandise is receiving countervailable benefits from this subsidy. Petitioners further alleged that producers of subject merchandise are receiving these countervailable benefits in the form of utility rate discounts.

The GOK reports that during the POI, the government-owned Korea Electric Power Company (KEPCO) provided Kangwon and DSM with electricity discounts. Under the program, the discounts are based, in part, on the companies' monthly maximum power demands.

With respect to the Requested Load Adjustment (RLA) program, the GOK introduced the discount in 1990, to address emergencies in KEPCO's ability to supply electricity. Under this program, customers with a contract demand of at least 5,000 kilowatts (kW), that are able to curtail their maximum demand by 20 percent or that are able to suppress their maximum demand by at least 3,000 kW, are eligible to enter into a RLA contract with KEPCO. Customers who choose to participate in this program must reduce their electricity consumption 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 approves the application, 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 POI, KEPCO granted 33 companies RLA discounts even though KEPCO did not need to request that these companies reduce their respective loads. The GOK reports that because KEPCO increased its capacity to supply electricity in 1997, it reduced the number of companies with which it maintained RLA contracts in 1997 and 1998. In 1996, KEPCO entered into RLA contracts with 232 companies, which was reduced to 44 companies in 1997 and 33 in 1998.

In *Sheet and Strip,* 64 FR 30636, 30646, we found the RLA program countervailable because the discounts provided under this program were distributed to a limited number of users. No new information or evidence of changed circumstances have been provided to the Department to warrant a reconsideration of that determination. Therefore, we continue to find the RLA program countervailable.

Because the electricity discounts are not ''exceptional'' benefits and are received automatically on a regular and predictable basis without further government approval, we preliminarily determine that these discounts provide a recurring benefit to Kangwon. *See* 19 CFR 351.524(a). Therefore, we have expensed the benefit from this program in the year of receipt. *See Sheet and Strip,* 30636 at 30646. To measure the benefit from these programs, we summed the electricity discounts that Kangwon and DSM received from KEPCO under the RLA program during the POI. We then divided the total RLA discount amount Kangwon and DSM received by each companies' respective total sales for the POI. On this basis, we preliminarily determine a net countervailable subsidy of 0.01 percent *ad valorem* for Kangwon and less than 0.005 percent *ad valorem* for DSM under the RLA discount program.

H. Scrap Reserve Fund

The Scrap Reserve Fund is administered by the Supply Administration (SA), a GOK agency that purchases certain industries' inputs to production and then makes the inputs available to producers on credit. During the POI, the SA purchased and made available on credit such commodities as scrap metal, non-ferrous and scarce metals (aluminum, ferrosilicon, etc.), forest products (pulp, rubber, etc.), and environmental materials (chip board, steel billet, etc.). In order to reduce the burden on Kangwon and DSM of holding large inventories during the POI, the SA purchased steel scrap on behalf of the companies and then provided them with a five-month repayment option in the form of a loan.

Because the Scrap Reserve Fund is available only for a relatively limited number of materials, and the use of steel scrap is largely limited to the steel industry, we preliminarily determine that this program is specific under section 771(5A) of the Act.

Next, in order to determine whether the loans constituted a financial contribution and conferred a benefit within the statutory provisions, we employed the same short-term loan methodology used for determining the benefit from the Reserve for Export Loss program under Article 16 of the TERCL. We used as our benchmark interest rate, each company's respective weighted-average interest rate for short-term won-denominated commercial loans for the POI, as described in the ''Subsidies Valuation Section'' above. Having derived the benefit amounts attributable to the POI for Kangwon's Scrap Reserve Fund loans, we then summed the benefit amounts from the loans and divided the total benefit by Kangwon's total sales. For DSM we followed the same calculation methodology except we reduced total sales by the amount of plate sales. We followed this methodology because scrap is not an input in DSM's plate production. On this basis, we preliminarily determine the net countervailable subsidy to be

0.03 percent *ad valorem* for Kangwon and 0.01 percent *ad valorem* for DSM.

I. Export Industry Facility Loans

In *Steel Products from Korea,* 58 FR 37338, 37328, the Department determined that export industry facility loans (EIFLs) are contingent upon export, and are therefore subsidies to the extent that they are provided at preferential rates. The decision in *Steel Products from Korea* was later reaffirmed in *Sheet and Strip,* 64 FR 30636, 30644. In this investigation, the GOK did not provide any new factual information that would lead us to change our treatment of this program. Therefore, for the purposes of this preliminary determination, we continue to find that EIFLs are provided on the basis of export performance and are export subsidies under section 771(5A)(B) of the Act. We also determine that the provision of loans under this program results in a financial contribution within the meaning of section 771(5)(D)(i) of the Act because the loan was disbursed by the KDB, an institution that, according to information submitted on the record of this proceeding, had a policy of directing loans specifically to the Korean steel industry. For more information, see the ''Direction of Credit'' section of this notice. In accordance with section 771(5)(E)(ii) of the Act, a benefit has been conferred on the recipient to the extent that the EIFLs are provided at interest rates less than the benchmark rates described under the ''Subsidies Valuation'' section of this notice. We note that this program is also countervailable due to the GOK's direction of credit; however, we have separated this program from direction of credit because it is an export subsidy, and therefore requires a different benefit calculation. Kangwon was the only respondent with an outstanding loan under this program during the POI.

To calculate the benefit conferred by this program, we compared the actual interest paid on the loan-term fixed interest rate loan with the amount of interest that would have been paid at the applicable dollar-denominated long-term benchmark interest rate. However, because the terms, grace periods, and repayment schedule of Kangwon's long-term fixed rate EIFL loan differed from those of the long-term fixed rate benchmark, we applied the methodology provided for in 19 CFR 351.505(c)(3). We note that this methodology is described in detail in the ''The GOK's Credit Policies through 1991'' section of this notice. We then divided the benefit derived from the loan by Kangwon's total export sales. On this basis, we preliminarily determine the net countervailable subsidy to be 0.10 percent *ad valorem* for Kangwon.

J. Special Cases of Tax for Balanced Development Among Areas (TERCL Article 43)

TERCL Article 43 allows a company to claim a tax reduction or exemption for income gained from the disposition of factory facilities when relocating from a large city to a rural area. On December 29, 1995, DSM sold land from its Pusan factory and, within three years from the sales date, began production at its Pohang plant. In accordance with Article 16, paragraph 7 of the Addenda to the TERCL, DSM was entitled to receive an exemption on its income tax for the capital gain. No other respondent company used this program.

Payment for the Pusan facilities is on a longer-term installment basis, the income tax on the capital gain is payable when DSM actually receives payment or transfers the title of ownership. The capital gain in the tax year can not exceed DSM's total taxable income. The maximum tax savings permitted is 100 percent of the taxable income; however, this program is also subject to the minimum tax. This program does not allow carrying forward of unused benefits in future years.

We preliminarily determine that the TERCL Article 43, for Special Cases of Tax for Balanced Development Among Areas, is regionally specific. This program is specific within the meaning of 771(5)(D)(iv) of the Act, because the program is limited to an enterprise or industry located within a designated geographical region. We also preliminarily determine that this program provides a financial contribution within the meaning of section 771(5)(D)(ii), because the GOK foregoes revenue that is otherwise due by granting this tax credit.

To calculate the benefit from this tax credit program, we examined the amount of the tax credit DSM deducted from its taxes payable for the 1997 fiscal year. In DSM's 1997 income tax return filed during the POI, it deducted from its taxes payable, credits earned in 1997. Next, we calculated the amount of the tax savings earned and divided that amount by DSM's total sales during POI. Using this methodology, we preliminarily determined a countervailable subsidy of 0.59 percent *ad valorem* for DSM.

K. R&D Grants under The Korea New Iron & Steel Technology Research Association (KNISTRA)

The Korea New Iron & Steel Technology Research Association (KNISTRA) is an association of steel companies established for the development of new iron and steel technology. KNISTRA is a member based R&D agency that supports R&D projects through private and public contributions. KNISTRA acts as a coordinating organization for R&D. While individual companies provide a portion of the funding, the GOK also contributes funds to these projects.

If the research is deemed successful, 50 percent of the GOK's contribution will be repaid in proportionate amounts from each individual participating company. Inchon, Kangwon and DSM are all members of KNISTRA and participated in an R&D project during the POI. The current project can be connected with the production of subject merchandise. This project began in 1995, and continued in 1996 and 1998 (POI).

The Department preliminarily determines that through KNISTRA the Korean steel industry receives funding specific to the steel industry. Therefore, given the nature of the agency, the Department finds projects under KNISTRA to be specific. Since most companies normally fund R&D programs to enhance their own technology, we determine that GOK funding to KNISTRA relieves companies of this obligation. Therefore, GOK's grants are a financial contribution under section 771(5)(D)(i) of the Act which provide a benefit to the recipient in the amount of the grant. Therefore, we determine that the KNISTRA grants constitute countervailable subsidies within the meaning of section 771(5) of the Act.

Under 19 CFR 351.524, non-recurring benefits are allocated over time, while recurring benefits are expensed in the year of receipt. In addition, non-recurring benefits which are less than 0.5 percent of a company's relevant sales are also expensed in the year of receipt. The grants received by respondents did not exceed 0.5 percent of each companies sales. Therefore, regardless of whether this program provides recurring or non-recurring benefits, the benefits are expensed in the year of receipt. Therefore, we summed the grants received by each company under this program and divided the amount by each companies' respective total sales. On this basis, we preliminarily determined a countervailable subsidy rate of less than

0.005 percent *ad valorem* for Inchon, Kangwon, and DSM.

II. Programs Preliminarily Determined To Be Not Used

Based on the information provided in the questionnaire response, we preliminarily determine that the companies under investigation either did not apply for, or receive benefits under the following programs during the POI:

A. Private Capital Inducement Act
B. Tax Credit in Equipment to Develop Technology and Manpower Under Article 10 of the TERCL Act
C. Tax Credits for Vocational Training Under Article 18 of the TERCL
D. Exemptions of Corporate Tax on Dividend Income from Overseas Resources Development Resources Act Under Article 24 of the TERCL
E. Tax Credits for Investments in Specific Facilities Under Article 26 of the TERCL
F. Tax Credits for Temporary Investments Under Article 27 of the TERCL
G. Social Indirect Capital Investment Reserve Funds Under Article 28 of the TERCL
H. Energy-Savings Facilities Investment Reserve Funds Under Article 29 of the TERCL
I. Tax Credits for Specific Investments Under Article 71 of the TERCL
J. Mining Investment Reserve Funds Under Article 95 of the TERCL
K. Grants Under the Technology Development Promotion Act
L. Highly Advanced National Project Fund Industry Technology Development Fund
M. Short-Term Export Financing
N. Korean Export-Import Bank Loans
O. Tax Incentives for Highly Advanced Technology Businesses
P. Special Depreciation of Assets Based on Foreign Exchange Earnings
Q. Steel Campaign for the 21st Century
R. Excessive Duty Drawback
S. Reserve for Investment
T. Export Insurance Rates By The Korean Export Insurance Corporation
U. Special Cases of Tax for Balanced Development among Areas (TERCL Articles 41, 42, 44, and 45)
V. Reserve for Investment
W. Overseas Resource Development Loan

Verification

In accordance with section 782(d)(1)(A)(i) of the Act, we will verify the information submitted by respondents prior to making our final determination.

Summary

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated individual subsidy rates for Inchon, Kangwon, and DSM, the manufacturers of the subject merchandise. We preliminarily determine that the total estimated net countervailable subsidy rates are 0.35 *ad valorem* for Inchon, 0.80 percent *ad valorem* for Kangwon, and 0.93 percent *ad valorem* for DSM, which are de minimis. Therefore, we preliminarily determine that no countervailable subsidies are being provided to the production or exportation of structural steel beams in Korea.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Import Administration.

If our final determination is affirmative, the ITC will make its final determination within 75 days after the Department makes its final determination.

Public Comment

In accordance with 19 CFR 351.310, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing is tentatively scheduled to be held 57 days from the date of publication of the preliminary determination at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, NW, Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Requests for a public hearing should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and, (3) to the extent practicable, an identification of the arguments to be raised at the hearing. In addition, six copies of the business proprietary version and six copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than 50 days from the date of publication of the preliminary determination. As part of the case brief, parties are encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Six copies of the business proprietary version and six copies of the non-proprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 5 days from the date of filing of the case briefs. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal briefs. Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

This determination is published pursuant to sections 703(f) and 777(i) of the Act.

Dated: December 6, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–32398 Filed 12–13–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 120899C]

Submission for OMB Review; Comment Request.

The Department of Commerce (DOC) has submitted to the Office of Management and Budget (OMB) for clearance the following proposal for collection of information under the provisions of the Paperwork Reduction Act (44 U.S.C. chapter 35).

Agency: National Oceanic and Atmospheric Administration.

Title: The GLOBE Program.

Agency Form Number(s): None.

OMB Approval Number: 0648–0310.

Type of Request: Revision of a currently approved collection.

Burden Hours: 770 hours.

Number of Respondents: 1,062.

Average Hours Per Response: 20 to 80 minutes depending on survey/assessment.

Needs and Uses: The GLOBE (Global Learing and Observation to Benefit the Environment) Program is an international environmental science and