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 nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 5 days from the date of filing of 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: July 16, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–18856 Filed 7–23–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–580–837]

Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From the Republic of Korea

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

EFFECTIVE DATE: July 26, 1999.

FOR FURTHER INFORMATION CONTACT: Stephanie Moore or Tipten Troidl, CVD/AD Enforcement, Office 6, Group II, Import Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482–2786.

PRELIMINARY DETERMINATION: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to certain producers and exporters of certain cut-to-length carbon-quality steel plate from the Republic of Korea. For information on the estimated countervailing duty rates, see the ''Suspension of Liquidation'' section of this notice.

SUPPLEMENTARY INFORMATION:

Petitioners

The petition in this investigation was filed by Bethlehem Steel Corporation, U.S. Steel Group, a unit of USX Corporation, Gulf States Steel, Inc., IPSCO Steel Inc., Tuscaloosa Steel Corporation, 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 Investigations: Certain Cut-to-Length Carbon-Quality Steel Plate from France, India, Indonesia, Italy, and the Republic of Korea,* 64 FR 12996 (March 16, 1999) (*Initiation Notice*)), the following events have occurred. On March 18, 1999, we issued countervailing duty questionnaires to the Government of Korea (GOK), and the producers/exporters of the subject merchandise. On April 29, 1999, we postponed the preliminary determination of this investigation until no later than July 16, 1999. *See Certain Cut-to-Length Carbon-Quality Steel Plate from France, India, Indonesia, Italy, and the Republic of Korea: Postponement of Time Limit for Countervailing Duty Investigations,* 64 FR 23057 (April 29, 1999).

We received responses to our initial questionnaires from the GOK and Pohang Iron & Steel Company, Ltd. (POSCO), and Dongkuk Steel Mill Co., Ltd. (DSM), producers of the subject merchandise, on May 10, 1999. In addition, on July 1, 1998 we received responses from four trading companies which are involved in exporting the subject merchandise to the United States: POSCO Steel Service & Sales Company, Ltd. (POSTEEL), Dongkuk Industries Co., Ltd. (DKI), Hyosung Corporation (Hyosung), and Sunkyong Ltd. (Sunkyong). On June 9, 1999, we issued supplemental questionnaires to all of the responding parties and received their responses on June 28, 1999, and July 1, 1999.

The Department is currently seeking additional information regarding certain R&D programs used by either POSCO, DSM or their affiliates, which may have benefitted the producers/exporters of the subject merchandise.

Scope of Investigation

For purposes of this investigation, the product covered is certain hot-rolled carbon-quality steel: (1) Universal mill plates (*i.e.*, flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, and of a nominal or actual thickness of not less than 4 mm, which are cut-to-length (not in coils) and without patterns in relief), of iron or non-alloy-quality steel; and (2) flat-rolled products, hot-rolled, of a nominal or actual thickness of 4.75 mm or more and of a width which exceeds 150 mm and measures at least twice the thickness, and which are cut-to-length (not in coils).

Steel products to be included in this scope are of rectangular, square, circular or other shape and of rectangular or non-rectangular cross-section where such non-rectangular cross-section is achieved subsequent to the rolling process (*i.e.*, products which have been ''worked after rolling'')—for example, products which have been beveled or rounded at the edges. Steel products that meet the noted physical characteristics that are painted, varnished or coated with plastic or other non-metallic substances are included within this scope. Also, specifically included in this scope are high strength, low alloy (HSLA) steels. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Steel products to be included in this scope, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements, (2) the carbon content is two percent or less, by weight, and (3) none of the elements listed below is equal to or exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
1.50 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.41 percent of titanium, or
0.15 percent of vanadium, or
0.15 percent zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not equal or exceed any one of the levels listed above, are within the scope of these

investigations unless otherwise specifically excluded. The following products are specifically excluded from these investigations: (1) Products clad, plated, or coated with metal, whether or not painted, varnished or coated with plastic or other non-metallic substances; (2) SAE grades (formerly AISI grades) of series 2300 and above; (3) products made to ASTM A710 and A736 or their proprietary equivalents; (4) abrasion-resistant steels (*i.e.*, USS AR 400, USS AR 500); (5) products made to ASTM A202, A225, A514 grade S, A517 grade S, or their proprietary equivalents; (6) ball bearing steels; (7) tool steels; and (8) silicon manganese steel or silicon electric steel.

The merchandise subject to this investigation is classified in the HTSUS under subheadings: 7208.40.3030, 7208.40.3060, 7208.51.0030, 7208.51.0045, 7208.51.0060, 7208.52.0000, 7208.53.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.13.0000, 7211.14.0030, 7211.14.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7225.40.3050, 7225.40.7000, 7225.50.6000, 7225.99.0090, 7226.91.5000, 7226.91.7000, 7226.91.8000, 7226.99.0000.

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

Scope Comments

As stated in our notice of initiation, we set aside a period for parties to raise issues regarding product coverage. In particular, we sought comments on the specific levels of alloying elements set out in the description below, the clarity of grades and specifications excluded from the scope, and the physical and chemical description of the product coverage.

On March 29, 1999, Usinor, a respondent in the French antidumping and countervailing duty investigations and DSM and POSCO, respondents in the Korean antidumping and countervailing duty investigations (collectively the Korean respondents), filed comments regarding the scope of the investigations. On April 14, 1999, the petitioners responded to Usinor's and the Korean respondents' comments. In addition, on May 17, 1999, ILVA S.p.A. (ILVA), a respondent in the Italian antidumping and countervailing duty investigations, requested guidance on whether certain products are within the scope of these investigations.

Usinor requested that the Department modify the scope to exclude: (1) Plate that is cut to non-rectangular shapes or that has a total final weight of less than 200 kilograms; and (2) steel that is 4'' or thicker and which is certified for use in high-pressure, nuclear or other technical applications; and (3) floor plate (*i.e.*, plate with ''patterns in relief'') made from hot-rolled coil. Further, Usinor requested that the Department provide clarification of scope coverage with respect to what it argues are over-inclusive HTSUS subheadings included in the scope language.

The Department has not modified the scope of these investigations because the current language reflects the product coverage requested by the petitioners, and Usinor's products meet the product description. With respect to Usinor's clarification request, we do not agree that the scope language requires further elucidation with respect to product coverage under the HTSUS. As indicated in the scope section of every Department antidumping and countervailing duty proceeding, the HTSUS subheadings are provided for convenience and Customs purposes only; the written description of the merchandise under investigation or review is dispositive.

The Korean respondents requested confirmation whether the maximum alloy percentages listed in the scope language are definitive with respect to covered HSLA steels.

At this time, no party has presented any evidence to suggest that these maximum alloy percentages are inappropriate. Therefore, we have not adjusted the scope language. As in all proceedings, questions as to whether or not a specific product is covered by the scope should be timely raised with Department officials.

ILVA requested guidance on whether certain merchandise produced from billets is within the scope of the current CTL plate investigations. According to ILVA, the billets are converted into wide flats and bar products (a type of long product). ILVA notes that one of the long products, when rolled, has a thickness range that falls within the scope of these investigations. However, according to ILVA, the greatest possible width of these long products would only slightly overlap the narrowest category of width covered by the scope of the investigations. Finally, ILVA states that these products have different production processes and than merchandise covered by the scope of the investigations and therefore are not covered by the scope of the investigations.

As ILVA itself acknowledges, the particular products in question appear to fall within the parameters of the scope and, therefore, we are treating them as covered merchandise for purposes of these investigations.

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 (1998) and to the substantive countervailing duty regulations published in the **Federal Register** on November 25, 1998 (63 FR 65348) (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 April 8, 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 Cut-To-Length Steel Plate From Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia,* 64 FR 17198 (April 8, 1999).

Alignment With Final Antidumping Duty Determination

On July 2, 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. *See Initiation of Antidumping Duty Investigations: Certain Cut-To-Length Carbon-Quality Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Republic of Korea, and the Former Yugoslav Republic of Macedonia,* 64 FR 12959 (March 16, 1999). Therefore, in accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determinations in the antidumping investigations of certain cut-to-length plate.

Period of Investigation

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

Subsidies Valuation Information

Allocation Period

Section 351.524(d)(2) of the CVD Regulations 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 § 351.524(d)(2) of the CVD Regulations, we have allocated POSCO and DSM's 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, POSCO and DSM had a number of won-denominated and foreign currency-denominated long-term loans outstanding which the company 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,* the Department determined that the GOK influenced the practices of lending institutions in Korea and controlled access to overseas foreign currency loans through 1991. *See Final Affirmative Countervailing Duty Determinations and Final Negative Critical Circumstances Determinations: Certain Steel Products from Korea,* 58 FR 37328, 37338 (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. Also, *see Final Negative Countervailing Duty Determination: Stainless Steel Plate in Coils from the Republic of Korea,* 64 FR 15530, 15532 (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 30636, 39641 (June 8, 1999) (*Sheet and Strip*). Therefore, in the preliminary determination of the current investigation, to calculate the benefit which POSCO and DSM received from direct foreign currency loans and domestic foreign currency loans obtained prior to 1991 and still outstanding during the POI, we used as our benchmark the three-year corporate bond rate on the secondary market. We are also using the three-year corporate bond rate on the secondary market as the discount rate to determine the benefit from non-recurring subsidies received prior to 1992.

In *Plate in Coils* and *Sheet and Strip,* the Department determined that the GOK continued to control 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 current investigation on CTL Plate, discussed below in the ''Direction of Credit'' section of this notice, we are using the following benchmarks to calculate POSCO's and DSM's benefit from long-term loans obtained in the years 1992 through 1998: (1) For countervailable, foreign-currency denominated loans, we are using the company-specific, weighted-average U.S. dollar-denominated interest rates on the companies' loans from foreign bank branches in Korea; (2) for countervailable won-denominated loans, where available, we are using the company-specific three-year corporate bond rate on the companies' public bonds. Where unavailable, we continue to use a national average three-year corporate bond rate. In *Plate in Coils* and in *Sheet and Strip,* we found that the Korean domestic bond market was not controlled by the GOK after 1991, and that domestic bonds serve as an appropriate benchmark interest rate.

We are also using the three-year company-specific corporate bond rate as the discount rate to determine the benefit from non-recurring subsidies received between 1992 and 1998.

Benchmarks for Short-Term Financing

For those programs which 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 for the POI. Each respondent provided to the Department its respective company-specific, short-term commercial interest rate.

Treatment of Subsidies Received by Trading Companies

During the POI, POSCO exported the subject merchandise to the United States through three trading companies, POSTEEL, Hyosung, and Sunkyong. DSM exported through one trading company, DKI. POSTEEL is affiliated with POSCO, and DKI is affiliated with DSM within the meaning of section 771(33)(E) of the Act because as of December 31, 1998, POSCO owned 95.8 percent of POSTEEL's shares, and DSM owned 51.3 percent of DKI shares. The other trading companies are not affiliated with either POSCO or DSM. We required that the trading companies provide responses to the Department with respect to the export subsidies under investigation. Responses were required from the trading companies because the subject merchandise may be subsidized by means of subsidies provided to both the producer and the exporter. 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.

Under § 351.107 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 ''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 determination is based on two main facts: First, the majority of the subsidies conferred upon the subject merchandise were received by the producers. Second, the difference in the levels of subsidies conferred upon the subject merchandise

among the individual trading companies is insignificant. Therefore, combination rates would serve no practical purpose because the calculated subsidy rate for POSCO/POSTEEL or POSCO/Sunkyong or POSCO and any of the other trading companies would effectively be the same rate. For these reasons we are not calculating combination rates in this investigation. Instead, we have only calculated one rate for each producer of the subject merchandise, all of which is produced by either POSCO or DSM.

To include the subsidies received by the trading companies, which are conferred upon the export of the subject merchandise, in the calculated *ad valorem* subsidy rate, we used the following methodology. For each of the four trading companies, we calculated the benefit attributable to the subject merchandise and factored that amount into the calculated subsidy rate for the producer. In each case, we determined the benefit received by the trading companies for each export subsidy and weight-averaged the benefit amounts by the relative share of each trading company's value of exports of the subject merchandise to the United States. This calculated *ad valorem* subsidy was then added to the subsidy calculated for either POSCO or DSM. Thus, for each of the programs below, the listed *ad valorem* subsidy rate includes the countervailable subsidies received by both the trading companies and either POSCO or DSM.

I. Programs Preliminarily Determined To Be Countervailable

A. Direction of Credit

In the 1993 investigation of *Steel Products from Korea*, the Department determined (1) that the GOK influenced the practices of lending institutions in Korea; (2) the GOK-regulated long-term loans were provided to the steel industry on a selective basis; and (3) the selective provision of these regulated loans resulted in a countervailable benefit. Accordingly, all long-term loans received by the producers/exporters of the subject merchandise were treated as countervailable. The determination in that investigation covered all long-term loans bestowed through 1991. *See Steel Products from Korea*, 58 FR at 37339.

In the *Plate in Coils* and *Sheet and Strip* investigations, the Department examined whether the GOK continued to influence the practices of lending institutions in Korea between 1992 and 1997. 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.

1. The GOK's Credit Policies Through 1991

As noted above, we previously found significant GOK control over the practices of lending institutions in Korea through 1991, the period investigated in *Steel Products From Korea*. This finding of control was determined to be sufficient to constitute a government program and government action. *See Steel Products from Korea*, 58 FR at 37342. We also determined that (1) the Korean steel sector, as a result of the GOK's credit policies and control over the Korean financial sector, received a disproportionate share of regulated long-term loans, so that the program was, in fact, specific, and (2) that the interest rates on those loans were inconsistent with commercial considerations. Id. at 37343. Thus, we countervailed all long-term loans received by the steel sector from all lending sources.

In this investigation, we provided the GOK with the opportunity to present new factual information concerning the government's credit policies prior to 1992, which we would consider along with our finding in the prior investigation. The GOK has not provided new factual information that would lead us to change our determination in *Steel Products from Korea*. 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. This finding is in conformance with the Statement of Administrative Action (SAA), which states that ''section 771(5)(B)(iii) encompasses indirect subsidy practices like those which Commerce has countervailed in the past, and that these types of indirect subsidies will continue to be countervailable.'' SAA, accompanying H.R. 5110 (H.R. Doc. No. 316, Vol. 1, 103d Cong., 2d Sess.) (1994), at 926. 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.

We also continue to determine that all regulated long-term loans provided to the producers/exporters of the subject merchandise through 1991 were provided to a specific enterprise or industry, or group thereof, within the meaning of section 771(5A)(D)(iii)(III) of the Act. This finding is in conformance with our determination in *Steel Products from Korea*, 58 FR at 37342, *Plate in Coils*, 64 FR at 15532 and *Sheet and Strip*, 64 FR at 30642.

POSCO and DSM were the only producers of the subject merchandise, and both companies received long-term loans prior to 1992 that were still outstanding during the POI. To determine the benefit from the regulated loans with fixed interest rates, we applied the long-term loan methodology provided for in § 351.505(c)(3) of the CVD Regulations and calculated the grant equivalent for the loans. To determine the benefit from regulated loans with variable interest rates, we applied the methodology provided for in section 351.505(c)(4) of the CVD Regulations, and compared the amount of interest paid during 1998 on the regulated loans to the amount of interest that would have been paid based upon the interest rate on the comparison benchmark loan. We then summed the benefit amounts from the loans attributable to the POI and divided the total benefit by each company's respective total sales. On this basis, we preliminarily determine the net countervailable subsidy to be 0.10 percent *ad valorem* for POSCO, and 0.06 percent *ad valorem* for DSM.

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

In *Plate in Coils* and *Sheet and Strip*, the Department examined the GOK's credit policies during the period 1992 through 1997. In those 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. The Department also determined that the GOK 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. Also see *Plate in Coils*, 64 FR at 15533, and *Sheet and Strip*, 64 FR at 30642.

In this investigation, 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 has not provided 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 the current investigation, we examined whether the GOK continued to control or influence directly or indirectly, the lending practices of sources of credit in Korea in 1998. Because of the Department's determination that the GOK controlled and directed credit provided by domestic banks and government-owned banks during the period 1992 through 1997, the burden of demonstrating that the GOK has changed its practice of interfering in the financial market is placed, in large part, upon the respondents. Similarly, when we have determined a program or a government practice to be not countervailable, petitioners must come forth with new information or evidence of change circumstances before the Department will reexamine the countervailability of that program.

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, the KDB ended the allocation of 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 a system of 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 allowed the KDB to increase its profits. However, with respect to the KDB reforms, no evidence was provided by respondents to demonstrate that the KDB no longer selectively makes 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).

While the GOK has 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 has 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 1988 liberalization was deemed a failure by the government. 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, this attempt to reform the financial system was deemed a failure by the GOK. 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, five large commercial banks were taken over by the GOK 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. During verification, we will closely examine the financial reforms undertaken by the GOK in 1998. We plan to meet with various individuals knowledgeable about the financial sector in Korea in order to gather information on the impact of the GOK's financial liberalization on the lending practices of Korean banks after 1997. We also plan to gather information to assist us in determining whether we have appropriately measured the benefit conferred to the respondent companies by the GOK's influence over domestic bank and government bank lending.

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 provided no 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.

During the POI, both POSCO and DSM received long-term loans from domestic banks and from government-owned banks during the 1992 to 1998 period that were still outstanding during the POI. These included loans with both fixed and variable interest rates. To determine the benefit from the regulated loans with fixed interest rates, we applied the methodology provided for in § 351.505(c)(2) of the CVD Regulations, and to determine the benefit from regulated loans with variable interest rates, we applied the methodology provided for in § 351.505(c)(4) of the CVD Regulations. Therefore, for both fixed and 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 loan and the amount of interest that would have been paid on a comparable commercial loan. We then summed the benefit amounts from the loans attributable to the POI and divided the total benefit by each company's respective total sales. On this basis, we preliminarily determine the net countervailable subsidy to be less than 0.005 percent *ad valorem* for POSCO, and 0.12 percent *ad valorem* for DSM.

(a) Loans From the Energy Savings Fund

Established in accordance with Article 51 of the ''Rationalization of Energy Utilization Act'' (Energy Use Act), the Energy Saving Fund provides financing at below-market interest rates for investments by businesses in facilities that rationally and efficiently use energy. Overall responsibility for the program lies with the Ministry of Industry and Energy (MIE), but the operation and management of the program is entrusted to the Korea Energy Management Corporation (KEMC). While the Energy Use Act was repealed in 1995, the MIE, under the new ''Energy Use Rationalization Act,'' provides financing for this program from special government accounts.

Korean companies obtain financing under this program by submitting an application to the KEMC. If the KEMC is satisfied that the applicant's business plans are intended for the rationalization of energy use, it will then issue a recommendation, and forward the company's application to a bank. The KEMC will transfer funds to the bank, which will in turn provide the funds to the applicant. POSCO paid interest on two Energy Saving Fund loans during the POI. DSM did not have any of these loans outstanding during the POI.

In *Plate in Coils* and *Sheet and Strip*, the Department determined that the loans provided under the Energy Savings Fund are countervailable as GOK directed credit. See *Plate in Coils*, 64 FR at 15533, and *Sheet and Strip*, 64 FR at 30642. This program provides a financial contribution within the meaning of section 771(5)(D)(i) of the Act and, in accordance with section 771(5)(E)(ii) of the Act, provides a benefit to the recipient based on the difference between the interest rate on the program loan and the benchmark rate described in the ''Subsidies Valuation'' section, above.

To calculate the benefit from the Energy Savings Loans, we employed the Department's long-term fixed-rate loan methodology specified in § 351.505(c)(2) of the CVD Regulations, using as our benchmark the rate described in the ''Subsidies Valuation Information'' section, above. We divided the benefit attributable to the POI by POSCO's total sales during 1998. On this basis, we preliminarily determine the net countervailable subsidy to be less than 0.005 percent *ad valorem* for POSCO. As stated above, DSM did not use this program.

(b) Korean Export-Import Bank Loans (KExim)

KExim provides import and export credits, overseas investment credits, and guarantees to companies in Korea. The petitioners allege that through its financing mechanisms, KExim provides low-interest loans to the steel industry.

The Department previously determined in *Steel Products from Korea, Plate in Coils* and *Sheet and Strip* that all regulated long-term loans provided to exporters through 1997 are specific and countervailable. POSCO received a fixed-rate regulated KExim long-term loan prior to 1997, which was outstanding during the POI. DSM did not have any outstanding KExim loans during the POI. We preliminarily determine that this program is specific within the meaning of section 771(5A)(B) because only exporters are eligible to use this program.

To calculate the benefit, we applied the Department's standard loan methodology for long-term fixed-rate loans as provided for in § 351.504(c)(2) of the CVD Regulations, using as our benchmark the rate described in the ''Subsidies Valuation Information'' section of the notice, above. We divided the benefit attributable to the POI by POSCO's total export sales during 1998. On this basis, we preliminarily determine the net countervailable subsidy to be 0.03 percent *ad valorem* for POSCO. As noted earlier, DSM did not use this program.

B. Infrastructure at Kwangyang Bay

Petitioners requested that the Department investigate whether the GOK's infrastructure development at Kwangyang Bay continues to provide a countervailable subsidy to POSCO's steel production. The Department previously determined that the Korean government's infrastructure development at Kwangyang Bay constituted a specific countervailable subsidy to POSCO, because POSCO was found to be the predominant user of the infrastructure. *See Steel Products from Korea*, 58 FR at 37346–47. Because POSCO still produces steel products at Kwangyang Bay, we requested information on this program to determine whether the GOK has made additional investments since 1991, at Kwangyang Bay.

In *Steel Products from Korea*, the Department investigated the GOK's infrastructure investments at Kwangyang Bay over the period 1984–1991. During this period of time, the GOK's investments at Kwangyang Bay included: construction of an industrial waterway, construction of a railroad station, construction of a road to Kwangyang Bay, dredging of the harbor, and construction of three finished goods berths. We determined that the GOK's provision of infrastructure to POSCO at Kwangyang Bay was countervailable because we found POSCO to be the predominant user of the GOK's investments. The Department has consistently held that a countervailable subsidy exists when benefits under a program are provided, or are required to be provided, in law or in fact, to a specific enterprise or industry or group of enterprises or industries. *See Steel Products from Korea*, 58 FR at 37346. No new factual information or evidence of changed circumstances has been provided to the Department with respect to the GOK's infrastructure investments at Kwangyang Bay over the period 1984–1991.

In *Plate in Coils* and *Sheet and Strip*, we also examined whether GOK infrastructure investments made at Kwangyang Bay after 1991 provided countervailable benefits to POSCO. In those investigations, we determined that additional infrastructure investments made by the GOK at Kwangyang Bay after 1991 did not provide countervailable benefits to POSCO. *See Sheet and Strip* at 30648–49. Thus, post-1991 investments are not countervailable. Petitioners have not

provided new factual information or evidence of changed circumstances to cause the Department to reexamine our determination that post-1991 investments are not countervailable.

To determine the benefit from the GOK's investments made from the 1984 through 1991 period to POSCO that are attributable to the POI, we relied on the calculations performed in the 1993 investigation of *Steel Products from Korea,* which were placed on the record of this investigation by POSCO. In measuring the benefit from this program in the 1993 investigation, the Department treated the GOK's costs of constructing the infrastructure at Kwangyang Bay as untied, non-recurring grants in each year in which the costs were incurred.

To determine the benefit conferred to POSCO during the POI, we applied the Department's standard grant methodology and allocated the GOK's infrastructure investments over a 15-year period. *See* the allocation period discussion under the ''Subsidies Valuation Information'' section, above. We used as our discount rate the three-year corporate bond rate on the secondary market used in *Steel Products from Korea*. We then summed the benefits received by POSCO during 1998, from each of the GOK's yearly investments over the period 1984–1991. We then divided the total benefit attributable to the POI by POSCO's total sales for 1998. On this basis, we preliminary determine a net countervailable subsidy of 0.22 percent *ad valorem* for POSCO. DSM did not receive a benefit from this program.

C. 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 POSCO's 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 POSCO from this program. Since there was no evidence of *de jure* or *de facto* selectivity concerning the timing of POSCO's revaluation or the method of POSCO's revaluation under the Asset Revaluation Act, the Department determined this program to be not countervailable. See *Steel Products from Korea*, 58 FR at 37351.

In the petition, petitioners provided information to substantiate their allegation that POSCO 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 support of their allegation, petitioners provided a chart listing 197 companies that were eligible for revaluation of their assets pursuant to this program. The chart illustrates that POSCO's revaluation accounted for 54 percent of the total amount of asset revaluation by companies that were eligible to revalue under Article 56(2). Furthermore, according to petitioners' data, the 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 (as was the case with POSCO) 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.

According to section 771(5A)(D)(iii), 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 shows that during the period 1987–1990, there were between 14,988 and 24,073 manufacturing companies operating in Korea. A requirement for participation in this program was that 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. POSCO listed its initial public offering in June 1988 and revalued its assets under Article 56(2) in January 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). POSCO's revaluation surplus accounted for 91 percent of the basic metal sector revaluation surplus, and 75 percent of the total revaluation surplus. While we recognize that many factors can affect the relative size of tax benefits claimed under programs (*e.g.*, company size, value of assets, timing of investments, management decisions, capital intensiveness, labor intensiveness), the record evidence indicates that the basic metal industry was a dominant user of this program in 1988/89. *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). As a result

of the increase in the value of depreciable assets resulting from the asset revaluation, the companies were able to lower their tax liability. Therefore, we also preliminarily determine that the program provides a financial contribution within the meaning of section 771(5)(D)(ii), because 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 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 0.50 percent *ad valorem* for POSCO and 0.23 percent *ad valorem* for DSM.

D. Short-term Export Financing

The Department determined that the GOK's short-term export financing program was countervailable in *Steel Products from Korea,* 58 FR at 37350. Petitioners allege that this program may also benefit the producers and/or exporters of the subject merchandise. In this investigation, the GOK reports that the BOK, under the ''Detailed Rules of Trade Financing Related to the Aggregate Ceiling Loans'' (Detailed Rules), provides discounts on foreign trade bills to commercial banks, which, in turn, extend short-term loans to exporters. Under the aggregate credit ceiling system established in 1994, the BOK allocates a credit ceiling every month to each commercial bank, including branches of Korean and foreign banks. This ceiling is based on each bank's loan performance *i.e.,* each bank's discounting of commercial loans, foreign trade financing, and loans for the production of parts and material. These banks then provide loans to exporters using the funds received from the BOK and funds generated from their own sources to discount trade bills.

There are two types of trade financing: Production financing and raw material financing. A bank provides production financing when a company needs funds for the production of export merchandise or the production of raw materials used in the production of exported merchandise. A bank extends raw material financing to exporters which require financing for the importation or local purchase of raw materials used in the production of exported merchandise.

During the POI, POSCO was the only producer/exporter of the subject merchandise that received short-term export financing. DSM did not have any short-term export financing under this program during the POI. POSCO reports that the company entered into a credit ceiling loan agreement with a commercial bank in accordance with Articles 12 and 13 of the Detailed Rules to receive financing. The loan agreement outlines the maximum amount of credit which POSCO is eligible to receive, the period covered by the loan agreement, the applicable interest rate, and the penalty interest rate. POSCO states that when the company purchases raw materials from a supplier on a letter of credit basis, the supplier presents the letter of credit to POSCO's bank for payment. The bank, in turn, pays the purchase price to the supplier and debits the trade loan against POSCO's line of credit. POSCO pays the full amount of each trade loan after about 90 days, which is the average period from production to sales. Interest is paid by POSCO against each trade loan at the time the loans are received. POSCO reported that the company paid all of its export financing during the POI in a timely manner and incurred no overdue interest penalties. In accordance with section 771(5A)(B) of the Act, we preliminary determine that this program constitutes an export subsidy because receipt of the financing is contingent upon export performance. In order to determine whether this export financing program confers a countervailable benefit to POSCO, we compared the interest rate POSCO paid on the export financing received under this program during the POI with the interest rate POSCO would have paid on a comparable short-term commercial loan. *See* discussion above in the ''Subsidies Valuation Information'' section with respect to short-term loan benchmark interest rates.

Because loans under this program are discounted (*i.e.,* interest is paid up-front at the time the loans are received), the effective rate paid by POSCO on its export financing is a discounted rate. Therefore, it was necessary to derive from POSCO's company-specific weighted-average interest rate for short-term won-denominated commercial loans, a discounted benchmark interest rate. We compared this discounted benchmark interest rate to the interest rates charged on the export financing and found that the program interest rates were lower than the benchmark rates. Therefore, in accordance with section 771(5)(E)(ii) of the Act, we preliminarily determine that this program provides a countervailable benefit because the interest rates charged on the loans were less than what POSCO would have had to pay on a comparable short-term commercial loan. *See Plate in Coils,* 64 FR at 15533, and *Sheet and Strip,* 64 FR at 30644. We also preliminarily determine that a financial contribution is provided to POSCO under this program within the meaning of section 771(5)(D)(i) of the Act.

To calculate the benefit conferred by this program, we compared the actual interest paid on the loans with the amount of interest that would have been paid at the benchmark interest rate. When the interest that would have been paid at the benchmark rate exceeded the interest that was paid at the program interest rate, the difference between those amounts is the benefit. We then divided the benefit derived from all of the loans on which interest was paid during the POI by total exports. On this basis, we preliminarily determine that POSCO received from this program during the POI a net countervailable subsidy of less than 0.005 percent *ad valorem*.

We also requested information on whether POSCO or DSM received short-term export financing under two additional programs: (1) A 1998 emergency support package unveiled by the GOK which included $4 billion in trade financing, and (2) a 1998 short-term export financing program operated by the Korean Export-Import Bank. According to both the responses of POSCO and DSM, these programs were not used.

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

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 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, DKI, a trading company, was the only exporter of the subject merchandise which 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 at 15534, and *Sheet and Strip,* 64 FR at 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, the amount of tax savings was multiplied by the company's weighted-average interest rate for short-term won-denominated commercial loans for the POI, described in the ''Subsidies Valuation Information'' section, above. Using the methodology for calculating subsidies received by trading companies, which also is detailed in the ''Subsidies Valuation Information'' section, above, we preliminarily determine a net countervailable subsidy of 0.02 percent *ad valorem* for DSM. POSCO did not benefit from this program because it did not export the subject merchandise through DKI during the POI.

F. Reserve for Overseas Market Development—Article 17 of the TERCL

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 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. The following exporters of the subject merchandise were entitled to claimed benefits under this program during the POI: Hyosung, POSTEEL, Sunkyong, and DKI.

We determine that the Reserve for Overseas Market Development 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 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* 19 CFR 351.509.

To determine the benefits conferred by this program during the POI, we employed the same methodology used for determining the benefit from the Reserve for Export Loss program. Using the methodology for calculating subsidies received by trading companies, which also is detailed in the ''Subsidies Valuation Information'' section, above, we preliminarily calculate a net countervailable subsidy of 0.01 percent *ad valorem* for POSCO, and 0.01 percent *ad valorem* for DSM.

G. Investment Tax Credits

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. During the POI, POSCO, and DSM used various investment tax credits received under the TERCL to reduce their net tax liability. In *Steel Products from Korea,* we found that investment tax credits were not countervailable (*see* 58 FR at 37351); however, there were changes in the statute effective in 1995, which caused us to revisit the countervailability of the investment tax credits. *See Plate in Coils,* 64 FR at 15534, and *Sheet and Strip,* 64 FR at 30645.

POSCO claimed or used the following tax credits in its fiscal year 1997 income tax return which was filed during the POI: (1) Tax credits for investments in equipment to develop technology and manpower under Article 10; (2) tax credits for investment in productivity improvement facilities under Article 25; and (3) tax credits for investment in specific facilities under Article 26. DSM only claimed or used tax credits for technology and manpower development expenses under Article 9 and tax credits under Article 25 in its fiscal year 1997 income tax return which was filed during the POI. For certain of these tax credits, 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 these Articles, it receives a 10 percent tax credit. 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. However, the differential rate remains in effect for investments made prior to that date, and 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 Articles 9, 10, 18, 25, 26, 27, and 71. In that case, we determined that investment tax credits received under Articles 10, 18, 25, 26, 27, and 71 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 these Articles. 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. We did not countervail the use of Article 9 because a higher tax credit was not allowed for investments made in domestically-produced facilities. *See Sheet and Strip* at 30645–46.

In this investigation, POSCO claimed investment tax credits under Articles

10, 25, and 26. Therefore, we preliminarily determine that these tax credits provided POSCO with a countervailable benefit. Petitioners have also alleged that POSCO used investment tax credits under Article 88 and that this tax credit also constitutes an import substitution subsidy because a higher credit is received if more domestically-produced goods are used. However, we have insufficient information on the record at this time to make this determination, but we will further examine Article 88 at verification.

DSM was entitled to claim investment tax credits under Articles 9 and 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 POSCO from this tax credit program, we determined the value of the tax credits POSCO deducted from its taxes payable for the 1997 fiscal year. In POSCO's 1997 income tax return filed during the POI, it deducted from its taxes payable, credits earned in the years 1995 and 1996, 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 POSCO's total sales for the POI. On this basis, we preliminarily determine a net countervailable subsidy of 0.30 percent *ad valorem* for POSCO.

H. Electricity Discounts Under the Requested Load Adjustment Program

Petitioners alleged that POSCO is 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 alleged that POSCO is 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 POSCO and DSM with four types of discounts under its tariff schedule. These four discounts were based on the following rate adjustment programs in KEPCO's tariff schedule: (1) Power Factor Adjustment; (2) Summer Vacation and Repair Adjustment; (3) Requested Load Adjustment; and (4) Voluntary Curtailment Adjustment. (See the discussion below in ''Programs Preliminarily Determined To Be Not Countervailable'' with respect to the Power Factor Adjustment, Summer Vacation and Repair Adjustment, and the Voluntary Curtailment Porgram discount programs.)

With respect to the Requested Load Adjustment (RLA) program, the GOK introduced this discount in 1990, to address emergencies in KEPCO's ability to supply electricity. 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 a 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 POI, KEPCO granted 33 companies RLA discounts even though KEPCO did not need to request these companies to 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*, we found the RLA program countervailable because the discounts provided under this program were distributed to a limited number of users. *See Sheet and Strip* at 30646. 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 POSCO and DSM. *See* 19 CFR 351.524(a). Therefore, we have expensed the benefit from this program in the year of receipt. *See Sheet and Strip* at 30646. To measure the benefit from these programs, we summed the electricity discounts which POSCO and DSM received from KEPCO under the RLA program during the POI. We then divided the total RLA discount amount each company received by their total sales for 1998. On this basis, we preliminarily determine a net countervailable subsidy of less than 0.005 percent *ad valorem* for POSCO and less than 0.005 percent *ad valorem* for DSM from the RLA discount program.

I. POSCO's Two-Tiered Pricing Structure to Domestic Customers

POSCO maintains three different pricing systems which serve different markets: domestic prices in Korean won for products that will be consumed in Korea, direct export prices in U.S. dollars or Japanese yen, and local export prices in U.S. dollars. According to POSCO's response, local export prices are provided to those domestic customers who purchase steel for further processing into products that are exported. POSCO is the only Korean producer of slabs, which is the main input into the subject merchandise. During the POI, POSCO sold slab to DSM for products that will be consumed in Korea, as well as slab to produce exports of the subject merchandise.

During the POI, POSCO was a government-controlled company. *See Sheet and Strip* at 30642–43. POSCO sets different prices for the identical product for domestic purchasers based upon that purchaser's anticipated export performance. Domestic purchasers which use the raw material to produce a product for export are charged a lower price than those domestic purchasers which do not export. *See Sheet and Strip*, 64 FR at 30647. In *Sheet and Strip*, we found this pricing scheme to be an export subsidy under section 771(5A)(B) of the Act, which provides a financial contribution under this program under section 771(5)(D) of the Act.

The benefit from this type of export subsidy is based upon the difference in the price charged to exporters and the price charged for domestic consumption. The only exception is for pricing programs which fall under Item (d) of the Illustrative List of Export Subsidies, which is provided for in

Annex I of the Agreement on Subsidies and Countervailing Measures.[1] Item (d) allows governments to maintain a program which provides different prices based upon export or domestic consumption if certain strict criteria are met by the government. *See* 19 CFR 351.516. Based on the information in the record, it does not appear that POSCO's dual pricing policy is being set directly or indirectly through the application of a consistent method for calculating the difference between the higher domestic and lower international price of slab available to Korean exporters. *See Final Results of Redetermination Pursuant to the Court Remand Creswell Trading Co.* v. *U.S.*, Slip.-Op. 94–65, which is publicly available in Central Records Unit (CRU) (Room B–099 of the Main Commerce Building) (Case No. 533–063), (in which the Department found in *Certain Iron-Metal Casting from India* that the Indian government, under the IPRS program maintained ''a clearly defined and consistently applied methodology for calculating the difference between the higher domestic and lower international price of pig iron available to Indian exporters'') at 3. We will further investigate POSCO's pricing policies at verification. We preliminarily determine that the benefit from this program is based upon the difference between the prices charged by POSCO for export and the prices charged by POSCO for domestic consumption.

Petitioners argued in a July 12, 1999 submission that POSCO's dual-pricing system is a provision of a good for less than adequate remuneration, and the Department should therefore analyze such pricing in accordance with § 351.511 of the CVD Regulations. In *Sheet and Strip*, we did not analyze POSCO's dual-pricing under the adequate remuneration standard. While we have not modified our analysis in this preliminary determination from our recent final determination in *Sheet and Strip*, we intend to review the applicability of § 351.511 of the CVD Regulations for purposes of the final determination in this investigation and, therefore, we are requesting comments on the appropriate standard to apply to this dual-pricing scheme.

[1] A subsidy arises under Item (d) from the provision by governments or their agencies either directly or indirectly through government-mandated schemes, of imported or domestic products or services for use in the production of export goods, on terms or conditions more favourable than for provision of like or directly competitive products or services for use in the production of goods for domestic consumption, if (in the case of products) such terms or conditions are more favorable than those commercially available on world markets to their exporters.

To determine the value of the benefit under this program, we compared the monthly weighted-average price charged by POSCO to DSM for domestic production to the monthly weighted-average price charged by POSCO to DSM for export production. Where monthly comparison prices were not available, we used quarterly weighted-average prices. We then divided the amount of the price savings by the value of exports of the subject merchandise during the POI. On this basis, we determine that DSM received a net countervailable subsidy of 0.09 percent *ad valorem* from this program during the POI.

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 local area (*e.g.*, Seoul Metropolitan area to a place outside the Seoul Metropolitan 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 resulting capital gain.

Payment for the Pusan facilities is on a long-term installment basis, therefore, 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 specific within the meaning of section 771(5A)(D)(iv) of the Act, because the program is limited to an enterprise or industry located within a designated geographical region. *See also Iron-Metal Castings from Mexico*, 48 FR 8834 (1983) (Fonei Loan program was regionally specific where available to all companies outside of Mexico City), and *Final Affirmative Countervailing Duty Determination: Stainless Steel Plate in Coils From Italy*, 64 FR 15508, 15516 (funds were regionally specific because they were limited to certain areas within Italy). We also preliminarily determine that Article 43 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 and divided that amount by DSM's total sales during POI. Using this methodology, we preliminarily determine a net countervailable subsidy of 0.59 percent *ad valorem* for DSM. POSCO did not use this program.

II. Programs Preliminarily Determined To Be Not Countervailable

A. Electricity Discounts Under Power Factor Adjustment, Summer Vacation and Repair Adjustment, and Voluntary Curtailment Adjustment Programs

In *Sheet and Strip*, we determined that the Power Factor Adjustment, and the Summer Vacation and Repair Adjustment programs are not countervailable because the discounts under these programs are distributed to a large number of firms in a wide variety of industries. *See Sheet and Strip* at 30647–48.

Regarding the Voluntary Curtailment Adjustment (VCA) program, KEPCO introduced this discount in 1995, to provide a stable supply of electricity and to improve energy efficiency by reducing demand during periods of peak consumption that occur during the summer. Under this program, customers who use general, educational or industrial services with a contract demand of 1,000 kw or more, and who arrange with KEPCO a curtailment period of five or more days (or times) during the July 15–August 31 period, are eligible to enter into a VCA contract with KEPCO. Customers who choose to participate in this program must curtail demand by 20 percent or more on the basis of the average daily demand during 10 a.m.–12 p.m., or by 3,000 kw.

Customers can apply for this program until June 15 of each year. If KEPCO finds the application in order, KEPCO approves the application. After approval, KEPCO and the customer enter into a contract with respect to the VCA discount. Under this program, a basic discount of 110 won per kw is granted between July 15 and August 31.

We analyzed whether the VCA discount 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 identified companies within a broad range of industries as being eligible to participate in the electricity discount programs. The VCA discount program is available to numerous companies across all industries, provided that they have the required contract demand and can reduce their maximum demand by a certain percentage. Therefore, we preliminarily determine that the VCA electricity programs is not *de jure* specific under section 771(5A)(D)(i) of the Act because the regulation does not explicitly limit eligibility of the program.

We next examined data on the distribution of assistance under the VCA program to determine whether the electricity discount program meets the criteria for *de facto* specificity under section 771(5A)(D)(iii) of the Act. We found that discounts provided under the VCA program were distributed to a large number of customers, across a wide range of industries. Given the data with respect to the large number of companies and industries which received VCA electricity discounts, and the fact that POSCO and DSM were not dominant or disproportionate users of this program, we preliminarily determine that the VCA program is not *de facto* specific under section 771(5A)(D)(iii) of the Act. Therefore, we preliminarily determine that the VCA program is not countervailable.

B. Port Facility Fees

In *Sheet and Strip*, we determined that this program is not countervailable because a diverse and large group of private sector companies representing a wide cross-section of the economy have made a large number of investments in infrastructure facilities at various ports in Korea, including numerous investments at Kwangyang Bay. *See Sheet and Strip* at 30649.

C. GOK Infrastructure Investments at Kwangyang Bay Post-1991

In *Plate in Coils*, we determined that this program is not countervailable because the GOK's investments at Kwangyang Bay since 1991, in the Jooam Dam, the container terminal, and the public highway were not specific to POSCO. *Id.* at 15536. The respondents state that there have been no additional infrastructure investments at Kwangyang Bay during the POI.

III. 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. *Special Cases of Tax for Balanced Development Among Areas (TERCL Articles 41, 42, 44 and 45)*
B. *Private Capital Inducement Act (PCIA)*
C. *Social Indirect Capital Investment Reserve Funds (Art. 28)*
D. *Energy-Savings Facilities Investment Reserve Funds (Art. 29)*
E. *Industry Promotion and Research and Development Subsidies*
   1. Highly Advanced National Project Fund
   2. Steel Campaign for the 21st Century
F. *Overseas Resource Development Programs*
G. *Export Insurance Rates Provided By The Korean Export Insurance Corporation*
H. *Export Industry Facility Loans (EIFL) and Specialty Facility Loans*
I. *Scrap Reserve Fund*
J. *Excessive Duty Drawback*

IV. Program Preliminarily Determined Not To Exist

Free Trade Zones (FTZ) at Pusan and Kwangyang

The GOK states that at this time, there are only two FTZs in Korea. One is located in Masan and the other is in Iksan. Therefore, we preliminarily determine that this program does not exist.

Verification

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

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated an individual subsidy rate for POSCO, and DSM, manufacturers of the subject merchandise. We preliminarily determine that the total estimated net countervailable subsidy rate is 1.16 percent *ad valorem* for POSCO and 1.12 percent *ad valorem* for DSM. The All Others rate is 1.14 *ad valorem* percent, which is the weighted-average of the rates for both companies.

Company	Net subsidy rate
POSCO	1.16% Ad Valorem.
DSM	1.12% Ad Valorem.
All Others	1.14% Ad Valorem.

In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of certain cut-to-length carbon-quality steel from Korea, which are entered or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of the merchandise in the amounts listed above. This suspension will remain in effect until further notice.

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: July 16, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99–18857 Filed 7–23–99; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–560–806]

Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate From Indonesia

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

EFFECTIVE DATE: July 26, 1999.

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

PRELIMINARY DETERMINATION: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to certain producers and exporters of certain cut-to-length carbon-quality steel plate from Indonesia. For information on the estimated countervailing duty rates, please see the ''Suspension of Liquidation'' section of this notice.

SUPPLEMENTARY INFORMATION:

Petitioners

The petition in this investigation was filed by Bethlehem Steel Corporation, U.S. Steel Group, a unit of USX Corporation, Gulf States Steel, Inc., IPSCO Steel, Inc., Tuscaloosa Steel Corporation, and the United Steel Workers of America (the petitioners).

Case History

Since the publication of the notice of initiation in the **Federal Register** (*see Initiation of Countervailing Duty Investigations: Certain Cut-To-Length Carbon-Quality Steel Plate from France, India, Indonesia, Italy, and the Republic of Korea,* 64 FR 12996 (March 16, 1999) (*Initiation Notice*)), the following events have occurred. On March 16, 1999, we issued countervailing duty questionnaires to the Government of Indonesia (GOI), and the producers/exporters of the subject merchandise. On April 21, 1999, we postponed the preliminary determination of this investigation until no later than July 16, 1999. *See Certain Cut-to-Length Carbon-Quality Steel Plate From France, India, Indonesia, Italy, and the Republic of Korea: Postponement of Time Limit for Countervailing Duty Investigations,* 64 FR 23057 (April 29, 1999).

We received responses to our initial questionnaires from the GOI and two of the three producers of the subject merchandise, PT Gunawan Dianjaya Steel (Gunawan), and PT Jaya Pari Steel Corporation (Jaya Pari), on April 29, 1999. On May 11, 1999 and June 3, 1999, we issued supplemental questionnaires to the responding parties. On June 7, 1999, petitioners alleged additional subsidies that were not contained in the original petition. We determined to include these allegations in this investigation on June 21, 1999. *See* Memorandum for Bernard Carreau, Deputy Assistant Secretary for AD/CVD Enforcement Group II, a public document on file in the Central Records Unit, room B–099 of the Main Commerce Building (CRU). We issued a questionnaire addressing these programs on June 22, 1999. We received additional responses between June 1, 1999 and July 14, 1999.

Scope of Investigation

The products covered by this scope are certain hot-rolled carbon-quality steel: (1) Universal mill plates (*i.e.,* flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 mm but not exceeding 1250 mm, and of a nominal or actual thickness of not less than 4 mm, which are cut-to-length (not in coils) and without patterns in relief), of iron or non-alloy-quality steel; and (2) flat-rolled products, hot-rolled, of a nominal or actual thickness of 4.75 mm or more and of a width which exceeds 150 mm and measures at least twice the thickness, and which are cut-to-length (not in coils).

Steel products to be included in this scope are of rectangular, square, circular or other shape and of rectangular or non-rectangular cross-section where such non-rectangular cross-section is achieved subsequent to the rolling process (*i.e.,* products which have been ''worked after rolling'')—for example, products which have been beveled or rounded at the edges. Steel products that meet the noted physical characteristics that are painted, varnished or coated with plastic or other non-metallic substances are included within this scope. Also, specifically included in this scope are high strength, low alloy (HSLA) steels. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum.

Steel products to be included in this scope, regardless of Harmonized Tariff Schedule of the United States (HTSUS) definitions, are products in which: (1) Iron predominates, by weight, over each of the other contained elements, (2) the carbon content is two percent or less, by weight, and (3) none of the elements listed below is equal to or exceeds the quantity, by weight, respectively indicated:

1.80 percent of manganese, or
1.50 percent of silicon, or
1.00 percent of copper, or
0.50 percent of aluminum, or
1.25 percent of chromium, or
0.30 percent of cobalt, or
0.40 percent of lead, or
1.25 percent of nickel, or
0.30 percent of tungsten, or
0.10 percent of molybdenum, or
0.10 percent of niobium, or
0.41 percent of titanium, or
0.15 percent of vanadium, or
0.15 percent zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not equal or exceed any one of the levels listed above, are within the scope of these investigations unless otherwise specifically excluded. The following products are specifically excluded from these investigations: (1) Products clad, plated, or coated with metal, whether or not painted, varnished or coated with plastic or other non-metallic substances; (2) SAE grades (formerly AISI grades) of