countervailable subsidy from the Article 7 SDI grant to be 1.59 percent ad valorem for NHCI.

II. Programs Determined To Be Not Used

We examined the following programs and determine that NHCI did not apply for or receive benefits under these programs during the POR:

- St. Lawrence River Environment Technology Development Program
- Program for Export Market Development
- The Export Development Corporation
- Canada-Québec Subsidiary Agreement on the Economic Development of the Regions of Québec
- Opportunities to Stimulate Technology Programs
- Development Assistance Program
- Industrial Feasibility Study Assistance Program
- Export Promotion Assistance Program
- Creation of Scientific Jobs in Industries
- Business Investment Assistance Program
- Business Financing Program
- Research and Innovation Activities Program
- Export Assistance Program
- Energy Technologies Development Program
- Transportation Research and Development Assistance Program

III. Program From Which NHCI No Longer Receives a Countervailable Benefit

- Exemption from Payment of Water Bills

In the administrative reviews covering calendar year 1997 the Department found that NHCI's benefits from this program had been exhausted and NHCI's participation in this program had ended. We also found that no residual benefits were being provided or received and no substitute program had been implemented. In our final results, we stated that therefore, we did not intend to continue to examine this program in the future (*see Pure Magnesium and Alloy Magnesium From Canada: Final Results of Countervailing Duty Administrative Reviews*, 64 FR 48805, 48806 (September 8, 1999)). Consistent with this determination and in the absence of any new allegation, we did not examine this program in these reviews.

Final Results of Reviews

In these final results, we have determined that no changes to our analysis in the *Preliminary Results* are warranted. Therefore, for the period January 1, 2000, through December 31, 2000, we determine the net subsidy rate for the reviewed company to be as follows:

Net Subsidy Rate	
Manufacturer/exporter	Percent
Norsk Hydro Canada, Inc..	1.59 percent

The Department will issue appropriate assessment instructions directly to the Customs Service (''*Customs*'') within 15 days of publication of these final results of review. We will direct Customs to assess the countervailing duties in the above amount on all entries of subject merchandise produced and exported by NHCI during the review period.

The Department will also instruct Customs to collect cash deposits of estimated countervailing duties in the above percentage on the f.o.b. invoice price on all shipments of the subject merchandise from NHCI entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of these reviews.

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

Accordingly, we will instruct Customs to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Except for Timminco Limited, which was excluded from the orders in the original investigations, these rates were established in the first administrative proceeding conducted under the URAA. *See Final Results of the Second Countervailing Duty Administrative Reviews: Pure Magnesium and Alloy Magnesium From Canada*, 62 FR 48607 (September 16, 1997).

In addition, for the period January 1, 2000, through December 31, 2000, the assessment rates applicable to all non-reviewed companies covered by these orders are the cash deposit rates in effect at the time of entry, except for Timminco Limited (which was excluded from the orders in the original investigations).

This notice serves as a reminder to parties subject to administrative protective order (''APO'') of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

These administrative reviews and notice are in accordance with sections 751(a)(1) and 777(i) of the Act.

Dated: September 3, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 02–22994 Filed 9–9–02; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–580–835]

Preliminary Results, Intent to Partially Rescind and Postponement of Final Results of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from the Republic of Korea

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

ACTION: Notice of preliminary results, intent to partially rescind and postponement of final results of countervailing duty administrative review.

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on

stainless steel sheet and strip in coils from the Republic of Korea for the period January 1, 2000, through December 31, 2000. For information on the net subsidy for the reviewed company, see the ''Preliminary Results of Review'' section of this notice. Interested parties are invited to comment on these preliminary results. (*See* the ''Public Comment'' section of this notice).

EFFECTIVE DATE: September 10, 2002.

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

SUPPLEMENTARY INFORMATION:

Background

On August 6, 1999, the Department published in the **Federal Register** the CVD order on stainless steel sheet and strip in coils from the Republic of Korea. *See Amended Final Determination: Stainless Steel Sheet and Strip in Coils From the Republic of Korea; and Notice of Countervailing Duty Orders: Stainless Steel Sheet and Strip From France, Italy and the Republic of Korea,* 64 FR 42923 (August 6, 1999). On August 1, 2001, the Department published an opportunity to request an administrative review of this CVD order. *See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request an Administrative Review,* 66 FR 39729 (August 1, 2001). We received a timely request for review of Inchon Iron and Steel Co. (Inchon) and Sammi Steel Co. (Sammi), from petitioners. On October 1, 2001, the Department published in the **Federal Register** a notice initiating an administrative review of the countervailing duty order on stainless steel sheet and strip in coils from the Republic of Korea, covering the period of review (POR) January 1, 2000 through December 31, 2000. *See Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part,* 66 FR 49924 (October 1, 2001). On December 20, 2001, the Department received questionnaire responses from the Government of Korea (GOK), Inchon and Sammi. On April 24, 2002, the Department published in the **Federal Register**, an extension of the preliminary results deadline. *See Stainless Steel Sheet and Strip in Coils From the Republic of Korea: Extension of Preliminary Results of Countervailing Duty Administrative Review,* 67 FR 20093. On August 12 and 19, 2002, we received supplemental responses from respondents.

In accordance with 19 CFR 351.213(b), this review covers only those producers or exporters for which a review was specifically requested. The companies subject to this review are Inchon and Sammi. This review covers 17 programs.

The 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 regulations are references to the provisions codified at 19 CFR part 351 (2001).

Extension of Time Limits for Final Results

Under 19 CFR 351.213(h)(2), the Department finds that it is not practicable to complete the review within the normal time period allocated under 19 CFR 351.213(h)(1); therefore, we are extending the final results from 120 days to 180 days after the publication of the preliminary results. The reason for this extension is due to extenuating circumstances related to the complexity of this case. Specifically, the additional time will be needed to examine the change of fixed-rate loan methodology, the issue of cross-ownership of Inchon and Sammi, and Inchon's purchase of POSCO's inputs for less than adequate remuneration. As we cannot fully resolve these issues until after verifying the submitted information and examining comments submitted by interested parties, we will be unable to complete the final results by December 29, 2002. Therefore, the Department will issue its final results no later than 180 days after the publication of the preliminary results of this review.

Scope of Review

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

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

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

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

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

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

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

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.'' [1]

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.''[2]

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

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this review. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives).[4] This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 HI–C.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6.''

Sammi Steel Company and Cross-ownership with Inchon

According to section 351.525(b)(6)(vi) of the CVD Regulations, cross ownership exists between two corporations where one corporation can use or direct the individual assets of the other corporation in essentially the same ways it can use its own assets. Normally, this standard will be met where there is a majority voting ownership interest between two corporations. On December 6, 2000, Inchon became the majority shareholder of Sammi with 68 percent of Sammi's shares. However, Sammi remained under court receivership throughout the POR, and until March 23, 2001.

The CVD Regulations acknowledge that control can be exercised by one corporation over another even when that one corporation does not hold majority voting ownership. *See Countervailing Duties; Final Rule,* 63 FR 65348, 65401 (November 25, 1998), preamble to CVD Regulations. The percentage of shares, therefore, is not a dispositive indicator of cross ownership between companies. Accordingly, it is also possible, under certain

[1] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

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

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

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

extraordinary circumstances, that a corporation holding majority ownership in another corporation may not be in a position to exercise control over that corporation's assets. We therefore requested additional information from the GOK, Inchon and Sammi, to determine whether Inchon was in a position to control and direct the use of Sammi's assets during the POR.

Sammi filed for bankruptcy prior to the POR and came under court receivership prior to and throughout the POR. Under Korea's Company Reorganization Act, the authority for management control, the right to operate the company's business, management, and disposition of the company's property rests exclusively with the court or with the receiver appointed by the court. The information on the record demonstrates that the control of Sammi and the ability to use and direct the company's assets were held by the court and the court appointed receiver throughout the POR. Therefore, while Inchon held 68 percent of Sammi's shares, it was not in the position to control Sammi's assets until March 23, 2001, when Sammi's court receivership ended. Therefore, we find preliminarily that cross ownership as defined under section 351.525(b)(6)(vi) of the CVD Regulations did not exist between Inchon and Sammi during the POR.

Partial Rescission

As noted above, we initiated an administrative review of Sammi. According to the response, Sammi produced subject merchandise but did not export subject merchandise to the United States during calendar year 2000, the POR. However, Sammi provided a complete response to the Department's questionnaire because it was affiliated with Inchon. An affiliated company must provide a questionnaire response if cross-ownership exists and the affiliated company produces the subject merchandise. It is the Department's practice not to review a respondent, in this case Sammi, that has not exported subject merchandise to the United States during the POR. Therefore, because we preliminarily find no cross ownership between Sammi and Inchon, in accordance with 19 CFR 351.213(d)(3), we intend to rescind the review with respect to Sammi because it made no sales or shipments of subject merchandise to the United States during the review period. If, in the final determination, we find that Sammi is not cross owned by Inchon, *See Sammi Steel Company and Cross Ownership with Inchon* above, we will rescind the administrative review of Sammi.

Subsidies Valuation Information

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

In the *Final Negative Countervailing Duty Determination: Stainless Steel Plate in Coils from the Republic of Korea,* 64 FR at 15532 (March 31, 1999) (*Plate in Coils*) and in the *Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils From the Republic of Korea,* 64 FR at 30641 (June 8, 1999) (*Sheet and Strip*), the Department examined the GOK's direction of credit policies for the period 1992 through 1997. Based on new information gathered during the course of those investigations, the Department determined that the GOK controlled directly or indirectly the lending practices of most sources of credit in Korea between 1992 and 1997. In the *Final Affirmative Countervailing Duty Determination: Certain Cut-to Length Carbon-Quality Steel Plate From the Republic of Korea,* 64 FR at 73180 (December 29, 1999) (*CTL Plate*) the Department determined that the GOK still exercised substantial control over lending institutions in Korea during 1998. In the *Final Results and Partial Rescission of Countervailing Duty Administrative Review: Stainless Steel Sheet and Strip in Coils from the Republic of Korea,* 67 FR 1964 (January 15, 2002) (*1999 Sheet and Strip*), and accompanying Issues and Decision Memorandum (*1999 Sheet and Strip Decision Memo*) at ''the GOK's Direction of Credit'' section, we found that the GOK had control over the lending institutions during 1999. As such, because no new factual information has been placed on the record, we preliminarily find direction of credit countervailable through 2000, the POR of this current administrative review.

Based on our findings on this issue in prior investigations, we are using the following benchmarks to calculate the subsidies attributable to respondent's long-term loans obtained in the years 1992 through 2000:

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

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

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

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

Under section 351.107(b)(1) of the Department's regulations, when the subject merchandise is exported to the United States by a company that is not the producer of the merchandise, the Department may establish a ''combination'' rate for each combination of an exporter and supplying producer. However, as noted in the Preamble to the regulations, there may be situations in which it is not appropriate or practicable to establish combination rates when the subject

merchandise is exported by a trading company. *See Antidumping Duties; Countervailing Duties; Final Rule,* 62 FR 27296, 27303 (May 19, 1997). In such situations, the Department will make exceptions to its combination rate approach on a case-by-case basis. *Id.*

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

Instead, we have continued to calculate a rate for the producer of subject merchandise that includes the subsidies received by the trading company. To reflect those subsidies that are received by the exporter of the subject merchandise in the calculated *ad valorem* subsidy rate, we calculated the benefit attributable to the subject merchandise. We then factored that amount into the calculated subsidy rate for the relevant producer. In each case, we determined the benefit received by the trading company from each export subsidy program, and weighted the average of the benefit amounts by the relative share of the trading company's value of exports of the subject merchandise to the United States. We then added these calculated *ad valorem* subsidies to the subsidies calculated for the producer of subject merchandise. Thus, for each of the programs below, the listed *ad valorem* subsidy rate includes countervailable subsidies received by both the producer and the trading company.

I. Programs Conferring Subsidies

A. The GOK's Direction of Credit

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

In *H-beams*, the Department also determined that the GOK continued to control directly and indirectly the lending practices of most sources of credit in Korea through 1998, and that the GOK's regulated credit from domestic commercial banks and government-controlled banks such as the Korea Development Bank (KDB) was specific to the steel industry. *Id.* Furthermore, the Department determined in *H-Beams* that these regulated loans conferred a benefit on the producer of the subject merchandise to the extent that the interest rates on these loans were less than the interest rates on comparable commercial loans within the meaning of section 771(5)(E)(ii) of the Act. *Id.* In the final determination of *CTL Plate*, 64 FR at 73180, the Department determined that the GOK continued to control, directly and indirectly, the lending practices of sources of credit in Korea in 1998, and the Department continued to find this for 1999. *See 1999 Sheet and Strip Decision Memo* at section ''The GOK's Direction of Credit''.

We provided the GOK with the opportunity to present new factual information concerning the government's credit policies through 2000, the POR, which we would consider along with our findings in the prior investigations. The GOK did not provide any new factual information on this program that would lead us to change our determination in the current administrative review. Therefore, for purposes of these preliminary results, we continue to find lending from domestic banks and from government-owned banks, such as the KDB, to be countervailable through 2000.

With respect to foreign sources of credit, in *Plate in Coils*, 64 FR at 15533, and *Sheet and Strip*, 64 FR at 30642, we determined that access to foreign currency loans from Korean branches of foreign banks (*e.g.*, branches of U.S.-owned banks operating in Korea) did not confer countervailable subsidies to the recipient as defined by section 771(5) of the Act, and, as such, credit received by respondents from these sources was found not to be countervailable. We based this decision upon the fact that credit from Korean branches of foreign banks was not subject to the government's control and direction. Thus, in *Plate in Coils* and *Sheet and Strip*, we determined that respondent's loans from these banks could serve as an appropriate benchmark to establish whether access to regulated foreign sources of credit conferred a benefit on respondents. As such, we preliminarily determine that lending from this source continues to be not countervailable, and, where available, loans from Korean branches of foreign banks continue to serve as an appropriate benchmark to establish whether access to regulated foreign currency loans from domestic banks confers a benefit upon respondents.

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

Won-Denominated Loans: For certain loans, the repayment schedules did not remain constant during the lives of the respective loans. Therefore, in these preliminary results, we have calculated the benefit from these loans using the Department's variable rate methodology. Regarding the calculation of the benefit on countervailable, fixed-rate loans, in past cases the Department has employed the ''grant equivalent'' methodology, as described in section 351.505(c)(3) of the CVD Regulations, when the government-provided loan and the comparison loan have dissimilar grace periods or maturities, or where the repayment schedules have different shapes (*e.g.*, declining balance versus annuity style). *See, e.g.*, *Sheet and Strip*, *CTL Plate*, and *H-Beams.*

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

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

There is no information on the record of these preliminary results that indicates that Inchon derived a benefit from any special repayment terms (*i.e.*, abnormally long grace periods or maturities, etc.) on its long-term, fixed-rate loans. Therefore, in accordance with section 351.505(c)(2) of the CVD Regulations, we are calculating the benefit that Inchon received on its long-term, fixed-rate loans by comparing the amount of interest paid on the loan during the POR to the amount of interest that would have been paid during the POR on a comparable, commercial loan. We invite parties to comment on this issue in the final results.

To calculate the countervailable subsidy benefit, we first derived the benefit amounts attributable to the POR for the company's fixed and variable rate loans, and then summed the benefit amounts from the loans.

Foreign-Currency Denominated Loans: We used the same methodology as set out in the won-denominated loan section above. We compared the interest rates on the directed loans to the benchmark interest rates detailed in the ''Subsidies Valuation Information'' section of this notice. Inchon had both variable and fixed rate long term loans.

To determine the total benefit for all directed credit, we added the benefit derived from foreign currency loans to the benefit derived from won denominated loans and divided the total benefit by Inchon's total f.o.b. sales value during the POR. On this basis, we preliminarily determine the countervailable subsidy to be 0.76 percent *ad valorem* for Inchon.

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

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

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

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, 1999, as filed during the POR, by the corporate tax rate for 1999. We treated the tax savings on these funds as a short-term interest-free loan. *See* 19 CFR 351.509. Accordingly, to determine the benefit, we multiplied the amount of tax savings for Inchon by its respective weighted-average interest rate for short-term won-denominated commercial loans for the POR, as described in the ''Subsidies Valuation Information'' section, above. We then divided the benefit by the respective total f.o.b. export sales. On this basis, we preliminarily calculated a countervailable subsidy of less than 0.005 percent *ad valorem* for Inchon.

For our final determination, we will consider whether the methodology the Department has traditionally applied to these types of Korean tax programs accurately quantifies the benefit conferred by these tax reserves. As noted above, the Department has treated these tax reserve programs as providing a deferral of tax liability. That is, in Year X a company places funds into a reserve account and these funds are, therefore, not taxed in Year X. However, three years later when the funds in the tax reserve are returned to taxable income, income taxes are paid on these funds in Year X plus three. Therefore, we have considered the tax savings on these funds to benefit the company in the form of an interest-free loan. However, if the company is in a tax loss situation and does not pay any taxes on income in the year in which the funds are refunded to the income account, the funds placed into the tax reserve are never taxed. Under this scenario, the company, instead of being provided with a deferral of tax liability on these reserve funds, may have been provided with a complete exemption of tax liability on these funds. Therefore, we will carefully analyze this methodological issue for the final determination. We also invite interested parties to comment on this issue.

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

Under Article 17 of the TERCL, a domestic person engaged in a foreign trade business is allowed to establish a reserve fund equal to one percent of its foreign exchange earnings from its export business for the respective tax year. Expenses incurred in developing overseas markets may be offset by returning from the reserve, to the income account, an amount equivalent to the expense. Any part of the fund that is not placed in the income account for the purpose of offsetting overseas market development expenses must be returned to the income account over a three-year period, after a one-year grace period. The balance of this reserve fund is not subject to corporate income tax during the grace period. However, all of the money in the reserve is eventually reported as income and subject to corporate tax either when it offsets export losses or when the grace period expires. The deferral of taxes owed amounts to an interest-free loan equal to the company's tax savings. This program is only available to exporters. Although Inchon did not use this program during the POR, it exported subject merchandise through Hyundai, which used this program during the POR.

In *CTL Plate,* 64 FR at 73181, we determined that the Reserve for Overseas Market Development program is specific under section 771(5A)(B) of the Act because use of the program is contingent upon export performance. We also determined that this program provides a financial contribution within the meaning of section 771(5)(D)(i) of

the Act in the form of a loan. The benefit provided by this program is the tax savings enjoyed by the companies. Respondents have not provided any new information to warrant reconsideration of this determination. Therefore, we continue to find this program countervailable.

To determine the benefit conferred by this program, we calculated the tax savings by multiplying the balance amount of the reserve as of December 31, 1999, by the corporate tax rate for 1999. We treated the tax savings on these funds as a short-term interest-free loan. Accordingly, to determine the benefit, we multiplied the amount of tax savings by Hyundai's weighted-average interest rate for short-term won-denominated commercial loans for the POR. Using the methodology for calculating subsidies received by trading companies, which also is detailed in the ''Subsidies Valuation Information'' section of this notice, we calculate a countervailable subsidy of less than 0.005 percent *ad valorem* for Inchon.

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

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

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

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

E. Asset Revaluation: TERCL Article 56(2)

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

To calculate the benefit from the program we reviewed the effect that the difference of the revaluation of depreciable assets had on Inchon's tax liability each year. We multiplied the additional depreciation in the tax return filed during the POR, which resulted from the company's asset revaluation, by the tax rate applicable to that tax return. We then divided the benefit by Inchon's total f.o.b. sales. Accordingly, the net subsidy for this program is less than 0.005 percent *ad valorem* for Inchon.

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

With respect to the Requested Load Adjustment (RLA) program, the GOK introduced this discount in 1990, to address emergencies in Korea Electric Power Company's (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 an RLA contract with KEPCO. Customers who choose to participate in this program must reduce their load upon KEPCO's request, or pay a surcharge to KEPCO.

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

In *Sheet and Strip,* 64 FR at 30646, the Department found this program to be specific under section 771(5A)(D)(iii)(I) of the Act because the discounts were distributed to a limited number of customers. Inchon did receive discounts during the POR, therefore we find that a financial contribution is provided to Inchon under this program within the meaning of section 771(5)(D)(ii) of the Act in the form of revenue foregone by the government. The benefit provided under this program is a discount on a company's monthly electricity charges. Respondents have not provided any new information to warrant reconsideration of this determination. Therefore, we continue to find this program countervailable.

Because the electricity discounts provide recurring benefits, we have expensed the benefit from this program in the year of receipt. To measure the benefit from this program, we summed the electricity discounts which Inchon received from KEPCO under the RLA program during the POR. We then divided that amount by Inchon's total f.o.b. sales value for 2000. On this basis, we determine a net countervailable subsidy of 0.01 percent *ad valorem* for Inchon.

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

POSCO is the only Korean producer of hot-rolled stainless steel coil (hot-rolled coil), which is the main input into the subject merchandise. During the POR, POSCO sold hot-rolled coil to Inchon for products that were consumed in Korea, as well as hot-rolled coil, to produce exports of the subject merchandise. In *CTL Plate,* which covered calendar year 1998, the Department determined that the GOK, through its ownership and control of POSCO, set prices of steel inputs used

by the Korean steel industry for less than adequate remuneration. *See* 64 FR at 73184. Thus, in *CTL Plate,* the Department found this program to be countervailable.

Prior to 1999, POSCO set different prices depending on whether the input was to be used to produce products for domestic consumption or export consumption. Respondent claims that in May 1999, POSCO eliminated its two-tiered pricing system and established unit prices applicable for sales to all customers, thereby removing the aspect of the program that constituted a countervailable subsidy. However, we find that this change in pricing policies does not impact the determination made by the Department in *CTL Plate,* 64 FR at 73184–85. In *CTL Plate,* the Department did not determine that the difference in pricing between domestic and export consumption constituted a countervailable subsidy. Instead, the Department found that the prices charged by POSCO were for less than adequate remuneration. *Id.* at 73185. Therefore, the fact that POSCO now only charges one price to the Korean steel industry for steel inputs does not affect the determination as to whether a good or service has been provided for less than adequate remuneration. The Department must still examine the prices charged to Inchon by POSCO for hot rolled coil to determine whether the prices are still for less than adequate remuneration.

Under section 351.511(a)(2) of the CVD Regulations, the adequacy of remuneration is determined by comparing the government price to a market determined price based on actual transactions in the country in question. Such prices could include prices stemming from actual transactions between private parties, actual imports, or, in certain circumstances, actual sales from competitively run government auctions. During the POR, Inchon also imported hot-rolled coil; therefore, we are using Inchon's actual import prices of hot-rolled coil as our basis of comparison to the price at which Inchon purchased hot-rolled coil from POSCO. Based upon this comparison, we preliminarily determine that POSCO sold hot-rolled coil to Inchon for less than adequate remuneration.

In the *Notice of Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products from the Republic of Korea,* 67 FR at 9693, (March 4, 2002), we stated that we are reviewing the issue of whether this program is an untied domestic subsidy. However, for purposes of these preliminary results, we continue to find this program tied to subject merchandise. The Department will collect additional information prior to the final results. We invite comments from interested parties on this issue.

The GOK has argued in this proceeding that POSCO underwent privatization in September 2000, and, thus, cannot possibly sell HR coil to Inchon at less than adequate remuneration at the behest of the GOK. It further contends that POSCO's privatization constitutes a program-wide change pursuant to section 351.526 of the CVD Regulations. In *1999 Sheet and Strip,* the Department determined that the information on the record was insufficient to determine whether a program-wide change occurred with respect to this program. We also noted that because of the long history and ties between the GOK and POSCO, the September 29, 2000, partial change in ownership must be carefully analyzed.

In *Sheet and Strip*, the Department relied upon a number of factors to determine that the GOK controlled POSCO. For example, we found that the GOK was the largest shareholder of POSCO and that the GOK's shareholdings of POSCO were ten times larger than the next largest shareholder. In order to further maintain its control over POSCO, the GOK enacted a law which required that no individual shareholder except the GOK could exercise voting rights in excess of three percent of the company's common stock. This same requirement was placed into POSCO's Articles of Incorporation. In addition, the Chairman of POSCO was also a former Deputy Prime Minister and Minister of the GOK's Economic Planning Board, and was appointed as POSCO's president by the Korean President (*i.e.*, by the GOK). Half of POSCO's outside directors were appointed by the GOK. The appointed directors of POSCO included a Minister of Finance, the Vice Minister of Commerce and Industry, the Minister of Science and Technology, and a Member of the Bank of Korea's Monetary Board. POSCO was also only one of three companies designated a ''Public Company'' by the GOK. *See Sheet and Strip*, 64 FR at 30642–43.

In this current administrative review, the respondents have made a similar claim that POSCO's change in ownership removes the GOK's control of POSCO which was found for this program in *CTL Plate* and in *Sheet and Strip.* The respondents have placed additional information on the record of this review regarding a program-wide change under section 351.526 of the CVD Regulations. In particular, the GOK and POSCO have placed information on the record which they claim indicates that many of the elements of control cited to in *Sheet and Strip* have changed. According to this information, the GOK, through the government-owned Industrial Bank of Korea (IBK), currently holds only 3.02 percent of POSCO's shares. According to the GOK, all of POSCO's shares are common shares and have equal voting rights. The GOK also reports that the Seoul Bank holds 1.47 percent of POSCO's shares. The Seoul Bank became government-owned as a result of the financial crisis in Korea. However, the GOK states that the shares listed for Seoul Bank are shares the bank holds on behalf of its customers in trust accounts. Shares held in these trust accounts are not in the possession of, or controlled by, the bank, but belong to its customers.

POSCO also states that the restrictions that no individual other than the GOK can exercise voting rights in excess of three percent have been removed. Under the Securities and Exchange Act, a company designated as a ''public company'' was not permitted to have individual shareholders exercising voting rights in excess of three percent of the company's common shares. This legal requirement applied to POSCO until September 26, 2000. As part of POSCO's privatization process, the GOK removed POSCO's designation as a ''public company'' on that date. Accordingly, any legal limits on individual shareholder's voting rights or ownership in POSCO ceased on September 26, 2000. POSCO's Articles of Incorporation also included this restriction on the acquisition of shares. According to POSCO, although its Articles of Incorporation had not been implemented during the POR, once the GOK eliminated the restrictions on the acquisition of shares, POSCO was in effect no longer a public company.

According to information on the record, POSCO has seven standing directors and eight outside directors on its Board of Directors who are elected for terms of three years and may be re-elected. The directors are elected at the General Meeting of Shareholders, which usually take place in March of each year. Further, none of POSCO's current standing directors are either current or former government officials. With respect to the outside directors, five candidates were recommended by each of the five largest shareholders, which include the IBK and Seoul Bank, and three candidates were recommended by the Board of Directors. There were changes to the Board of Directors during

the General Meeting of Shareholders which occurred during the POR; two outside directors that were former government officials resigned and were replaced.

For the purposes of this preliminary determination, we continue to countervail POSCO's sales of hot-rolled coil as in the *1999 Sheet and Strip* review. In that review, we compared monthly delivered weighted-average prices. However, due to the lack of complete monthly data or quarterly data on this record, we find that it is more appropriate to only compare prices in the months in which Inchon had both domestic and import purchases. We compared Inchon's import prices to prices charged by POSCO to find the price differential (per month). In our comparison we used delivered weighted-average prices charged by POSCO to Inchon for hot-rolled coils and delivered weighted-average prices Inchon paid for imported hot-rolled coil, by grade of hot-rolled coil, making due allowance for factors affecting comparability. We then weight averaged the price differentials by the quantity of imports to derive a single weight averaged price differential. To derive the benefit we multiplied the single weight averaged price differential by the total quantity of inputs purchased from POSCO during the POR. Next, we divided the amount of the price savings by the f.o.b. sales value of merchandise produced using hot-rolled coils. On this basis, we determine that Inchon received a countervailable subsidy of 4.32 percent *ad valorem* from this program during the POR.

During verification we plan to closely examine whether or not the GOK continues either directly or indirectly to control POSCO's pricing policy in the Korean domestic market. We invite interested parties to comment on this issue.

H. Tax Credit for Investments in Productivity Improvement Facilities Under Restriction of Special Taxation (RSTA) Article 24

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

During the POR, Inchon earned or used tax credits for investments in productivity increasing facilities (RSTA Article 24, previously TERCL Article 25). If a company invested in foreign-produced facilities (*i.e.*, facilities produced in a foreign country), the company received a tax credit equal to either three or five percent of its investment. However, if a company invested in domestically-produced facilities (*i.e.*, facilities produced in Korea), it received a ten percent tax credit. Under section 771(5A)(C) of the Act, a program that is contingent upon the use of domestic goods over imported goods is specific, within the meaning of the Act. Because Korean companies received a higher tax credit for investments made in domestically-produced facilities, in *CTL Plate*, 63 FR at 73182, we determined that these investment tax credits constituted import substitution subsidies under section 771(5A)(C) of the Act. In addition, because the GOK forewent the collection of tax revenue otherwise due under this program, we determined that a financial contribution is provided under section 771(5)(D)(ii) of the Act. The benefit provided by this program was a reduction in taxes payable. Therefore, we determined that this program was countervailable.

According to the response of the GOK, the government has changed the manner in which these investment tax credits are determined. Pursuant to amendments made to TERCL, which occurred on April 10, 1998, the distinction between investments in domestic and imported goods was eliminated for the tax credits for investments in productivity increasing facilities (RSTA 24). According to the response of the GOK, for investments made after April 10, 1998, there is no longer a difference between domestic-made and foreign-made facilities. The current tax credit is five percent for all of these investments.

Because the distinction between investments in domestic and foreign-made goods was eliminated for investments made after April 10, 1998, we preliminarily determine that the tax credits received pursuant to these investment programs for investments made after April 10, 1998, are no longer countervailable. However, record evidence indicates that companies can still carry forward and use the tax credits for investments earned under the countervailable aspects of the TERCL program before the April 10, 1998, amendment to the tax law. Therefore, we continue to find the use of investment tax credits earned on domestic investments made before April 10, 1998, to be countervailable.

Inchon claimed tax credits under RSTA 24 that originated when there was a distinction between purchasing domestic facilities and imported facilities. To calculate the benefit from this investment tax credit, we examined the amount of tax credits Inchon deducted from its taxes payable for the 1999 fiscal year income tax return, which was filed during the POR. We first determined the amount of the tax credits claimed which were based upon investments in domestically-produced facilities. We then calculated the additional amount of tax credits received by the company because it earned tax credits of ten percent on such investments instead of a three or five percent tax credit. Next, we calculated the amount of the tax savings earned through the use of this tax credit during the POR and divided that amount by Inchon's total f.o.b. sales during the POR. On this basis, we preliminarily determine a net countervailable subsidy of 0.12 percent *ad valorem.*

II. Programs Preliminarily Determined To Be Not Used

A. *Investment Tax Credits Under RSTA Article 10, 18, 26, 27 and 71 of TERCL*
B. *Loans From the National Agricultural Cooperation Federation*
C. *Tax Incentives for Highly-Advanced Technology Businesses Under the Foreign Investment and Foreign Capital Inducement Act*
D. *Reserve for Investment Under Article 43–5 of TERCL*
E. *Export Insurance Rates Provided by the Korean Export Insurance Corporation*
F. *Special Depreciation of Assets on Foreign Exchange Earnings*
G. *Excessive Duty Drawback*
H. *Short-Term Export Financing*
I. *Export Industry Facility Loans*

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated an individual subsidy rate for the producer/exporter subject to this administrative review. For the period January 1, 2000 through December 31, 2000, we preliminarily determine the net subsidy for Inchon to be 5.21 percent *ad valorem.*

If the final results of this review remain the same as these preliminary results, the Department intends to instruct Customs to assess countervailing duties as indicated above. The Department also intends to instruct Customs to collect cash deposits of estimated countervailing

duties as indicated above as a percentage of the f.o.b. invoice price on all shipments of the subject merchandise from reviewed companies, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

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

We will instruct Customs to continue to collect cash deposits for non-reviewed companies at the most recent company-specific or country-wide rate applicable to the company. Accordingly, the cash deposit rates that will be applied to non-reviewed companies covered by this order will be the rate for that company established in the most recently completed administrative proceeding conducted under the URAA. If such a review has not been conducted, the rate established in the most recently completed administrative proceeding pursuant to the statutory provisions that were in effect prior to the URAA amendments is applicable. *See Final Affirmative Countervailing Duty Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea,* 64 FR 30636 (June 8, 1999). These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested. In addition, for the period January 1, 2000 through December 31, 2000, the assessment rates applicable to all non-reviewed companies covered by this order are the cash deposit rates in effect at the time of entry.

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

Verification

We find that there are numerous issues that require verification; such as, the allegation of a program-wide change and Inchon's possible cross-ownership of Sammi. Therefore, the Department will verify the information submitted by respondents in accordance with section 782(i)(3) of the Act and 351.307(b)(iv) of the CVD Regulations.

Public Comment

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of the public announcement of this notice. Pursuant to 19 CFR 351.309, interested parties may submit written comments in response to these preliminary results. Unless otherwise indicated by the Department, case briefs must be submitted within 14 days after the release of the verification reports. Rebuttal briefs, which are limited to arguments raised in case briefs, must be submitted no later than five days after the time limit for filing case briefs, unless otherwise specified by the Department. Parties who submit argument in this proceeding are requested to submit with the argument: (1) A statement of the issue, and (2) a brief summary of the argument. Parties submitting case and/or rebuttal briefs are requested to provide the Department copies of the public version on disk. Case and rebuttal briefs must be served on interested parties in accordance with 19 CFR 351.303(f). Also, pursuant to 19 CFR 351.310, within 30 days of the date of publication of this notice, interested parties may request a public hearing on arguments to be raised in the case and rebuttal briefs. Unless the Secretary specifies otherwise, the hearing, if requested, will be held two days after the date for submission of rebuttal briefs.

Representatives of parties to the proceeding may request disclosure of proprietary information under administrative protective order no later than 10 days after the representative's client or employer becomes a party to the proceeding, but in no event later than the date the case briefs, under 19 CFR 351.309(c)(ii), are due. The Department will publish the final results of this administrative review, including the results of its analysis of issues raised in any case or rebuttal brief or at a hearing.

This administrative review is issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act (19 U.S.C. 1675(a)(1) and 19 U.S.C. 1677f(i)(1)).

Dated: September 3, 2002.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 02–22997 Filed 9–9–02; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

[I.D. 090302B]

Marine Mammals; File No. 112–1684

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Issuance of permit.

SUMMARY: Notice is hereby given that Point Defiance Zoo and Aquarium, 5400 North Pearl Street, Tacoma, Washington 98407, has been issued a permit to import one harbor seal (*Phoca vitulina richardsi*) for purposes of public display.

ADDRESSES: The permit and related documents are available for review upon written request or by appointment in the following office(s):

Permits, Conservation and Education Division, Office of Protected Resources, NOAA Fisheries, 1315 East-West Highway, Room 13705, Silver Spring, MD 20910; phone (301) 713–2289; fax (301) 713–0376; and

Regional Administrator, Northwest Region, NOAA Fisheries, 7600 Sand