

Protecting Children in the 21st Century Act (Act). The OSTWG is composed of representatives of relevant sectors of the business community, public interest groups, and other appropriate groups and Federal agencies. The members were selected for their expertise and experience in online safety issues, as well as their ability to represent the views of the various industry stakeholders.

According to the Act, the OSTWG is tasked with evaluating industry efforts to promote a safe online environment for children. The Act requires the OSTWG to report its findings and recommendations to the Assistant Secretary for Communications and Information and to Congress within one (1) year after its first meeting.

Matters to Be Considered: The OSTWG will hear presentations relevant to online safety and will have discussions focused on consumer education.

Time and Date: The meeting will be held on September 24, 2009, from 9:00 a.m. to 3:00 p.m. Eastern Daylight Time. The times and the agenda topics are subject to change. The meeting may be webcast. Please refer to NTIA's web site, <http://www.ntia.doc.gov>, for the most up-to-date meeting agenda and webcast information.

Place: The meeting will be held at the United States Department of Commerce, 1401 Constitution Avenue, NW, Room 4830, Washington, DC 20230. The meeting will be open to the public and press on a first-come, first-served basis. Space is limited. Attendees should bring a photo ID and arrive early to clear security. The public meeting is physically accessible to people with disabilities. Individuals requiring special services, such as sign language interpretation or other ancillary aids, are asked to notify Mr. Gattuso at (202) 482-0977 or jgattuso@ntia.doc.gov, at least five (5) business days before the meeting.

Dated: September 2, 2009.

Kathy D. Smith,

Chief Counsel, National Telecommunications and Information Administration.

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DEPARTMENT OF COMMERCE

International Trade Administration

[C-580-818]

Corrosion-Resistant Carbon Steel Flat Products From the Republic of Korea: Preliminary Results of Countervailing Duty Administrative Review

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

SUMMARY: The Department of Commerce (the Department) is conducting an administrative review of the countervailing duty (CVD) order on corrosion-resistant carbon steel flat products (CORE) from the Republic of Korea (Korea) for the period of review (POR) January 1, 2007, through December 31, 2007. For information on the net subsidy for each company reviewed, 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.

DATES: *Effective Date:* September 8, 2009.

FOR FURTHER INFORMATION CONTACT: Robert Copyak or Gayle Longest, AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, Room 4014, 14th Street and Constitution Ave., NW., Washington, DC 20230; *telephone:* (202) 482-2209 and (202) 482-3338, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 17, 1993, the Department published in the **Federal Register** the CVD order on CORE from Korea. See *Countervailing Duty Orders and Amendments of Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Korea*, 58 FR 43752 (August 17, 1993). On August 1, 2008, the Department published a notice of opportunity to request an administrative review of this CVD order. See *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation: Opportunity to Request Administrative Review*, 73 FR 44966 (August 1, 2008).

On August 29, 2008, we received a timely request for review from petitioners¹ with regard to Pohang Iron and Steel Co., Ltd. (POSCO) and Dongbu Steel Co., Ltd. (Dongbu). On August 29, 2008, we also received a timely request

for review from Hyundai HYSCO Ltd. (HYSCO). On September 30, 2008, the Department published a notice of initiation of the administrative review of the CVD order on CORE from Korea covering the period January 1, 2007, through December 31, 2007. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 73 FR 56794, 56796 (September 30, 2008). On October 2, 2008, the Department issued the initial questionnaire to Dongbu, HYSCO, and POSCO as well as the Government of Korea (GOK). On November 24, 2008, the Department received questionnaire responses from POSCO, POSCO Steel Service & Sales Co., Ltd. (POSTEEL, a trading company for POSCO), Pohang Steel Co., Ltd. (POCOS),² Dongbu, and HYSCO. On November 25, 2008, the Department received the GOK's questionnaire response. On February 25 and February 26, 2009, the Department received supplemental questionnaire responses from the GOK and HYSCO, respectively. On March 27, 2009, the Department received supplemental questionnaire responses from the GOK and POSCO. On April 3, 2009, the Department received a supplemental questionnaire response from the GOK. On April 15, 2009, the Department received a second supplemental questionnaire response from HYSCO. On April 16, 2009, the Department issued a third supplemental questionnaire to HYSCO and received the company's response on April 30, 2009. On May 8, 2009, and May 13, 2009, the Department issued additional supplemental questionnaires to POSCO and the GOK, respectively. On May 22, 2009, and May 27, 2009, the Department received responses from POSCO and the GOK, respectively.

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 Dongbu, HYSCO, and POSCO (and its affiliates POCOS and POSTEEL).

Affiliated Companies

In this administrative review, record evidence indicates that POCOS is a majority-owned production affiliate of POSCO. Under 19 CFR 351.525(b)(6)(iii), if the firm that received a subsidy is a holding company, including a parent company with its own operations, the Department

¹ Petitioners are Nucor Corporation and United States Steel Corporation.

² In these preliminary results, unless otherwise stated, we use POSCO to collectively refer to POSCO, POCOS, and POSTEEL.

will attribute the subsidy to the consolidated sales of the holding company and its subsidiaries. Thus, we attributed any subsidies received by POCOS to POSCO and its subsidiaries, net of intra-company sales. Dongbu reported that it is the only member of the Dongbu group in Korea that was involved with the production and sale of subject merchandise to the United States. HYSCO reported that it is the only company within the Hyundai Motor Group that produces and sells the subject merchandise.

Scope of Order

Products covered by this order are certain corrosion-resistant carbon steel flat products from Korea. These products include flat-rolled carbon steel products, of rectangular shape, either clad, plated, or coated with corrosion-resistant metals such as zinc, aluminum, or zinc-, aluminum-, nickel- or iron-based alloys, whether or not corrugated or painted, varnished or coated with plastics or other nonmetallic substances in addition to the metallic coating, in coils (whether or not in successively superimposed layers) and of a width of 0.5 inch or greater, or in straight lengths which, if of a thickness less than 4.75 millimeters, are of a width of 0.5 inch or greater and which measures at least 10 times the thickness or if of a thickness of 4.75 millimeters or more are of a width which exceeds 150 millimeters and measures at least twice the thickness. The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7210.30.0000, 7210.31.0000, 7210.39.0000, 7210.41.0000, 7210.49.0030, 7210.49.0090, 7210.60.0000, 7210.61.0000, 7210.70.6030, 7210.70.6060, 7210.70.6090, 7210.90.1000, 7210.90.6000, 7210.90.9000, 7212.20.0000, 7212.21.0000, 7212.29.0000, 7212.30.1030, 7212.30.1090, 7212.30.3000, 7212.30.5000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7212.60.0000, 7215.90.1000, 7215.90.3000, 7215.90.5000, 7217.12.1000, 7217.13.1000, 7217.19.1000, 7217.19.5000, 7217.20.1500, 7217.22.5000, 7217.23.5000, 7217.29.1000, 7217.29.5000, 7217.30.15.0000, 7217.32.5000, 7217.33.5000, 7217.39.1000, 7217.39.5000, 7217.90.1000 and 7217.90.5000. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise is dispositive.

Average Useful Life

Under 19 CFR 351.524(d)(2), 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) 1997 Class Life Asset Depreciation Range System, as updated by the Department of the Treasury. The presumption will apply unless a party claims and establishes that the IRS tables do not reasonably reflect the company-specific AUL or the country-wide AUL for the industry under examination and that the difference between the company-specific and/or country-wide AUL and the AUL from the IRS tables is significant. According to the IRS tables, the AUL of the steel industry is 15 years. No interested party challenged the 15-year AUL derived from the IRS tables. Thus, in this review, we have allocated, where applicable, all of the non-recurring subsidies provided to the producers/exporters of subject merchandise over a 15-year AUL.

Creditworthiness

In their February 9, 2009, submission petitioners allege that Dongbu was uncreditworthy during 2004 through 2007. The examination of creditworthiness is an attempt to determine if the company in question could obtain long-term financing from conventional commercial sources. See 19 CFR 351.505(a)(4). According to 19 CFR 351.505(a)(4)(i), the Department will generally consider a firm to be uncreditworthy if, based on information available at the time of the government-provided loan, the firm could not have obtained long-term loans from conventional commercial sources. In making this determination, according to 19 CFR 351.505(a)(4)(i), the Department normally examines the following four types of information: (1) The receipt by the firm of comparable commercial long-term loans; (2) present and past indicators of the firm's financial health; (3) present and past indicators of the firm's ability to meet its costs and fixed financial obligations with its cash flow; and (4) evidence of the firm's future financial position.

As explained in the Department's memorandum dated August 31, 2009, we find that Dongbu obtained comparable loans from commercial lending institutions that coincide with the time period during which petitioners allege Dongbu was uncreditworthy. See Memorandum to Melissa G. Skinner, Director, AD/CVD Operations, Office 3, titled

"Uncreditworthiness Allegation Regarding Dongbu Steel Co., Ltd." (August 31, 2009) (Creditworthy Memorandum), of which a public version is on file in Room 1117 of the main Commerce building in the Central Records Unit (CRU). Therefore, in accordance with 19 CFR 351.505(a)(4)(i), we preliminarily determine that Dongbu was creditworthy during 2004 through 2007. For further information see the Creditworthy Memorandum.

Subsidies Valuation Information

A. Benchmarks for Short-Term Financing

For those programs requiring the application of a won-denominated, short-term interest rate benchmark, in accordance with 19 CFR 351.505(a)(2)(iv), we used as our benchmark the company-specific weighted-average interest rate for commercial won-denominated loans outstanding during the POR. Where no such benchmark instruments are available, we used national average lending rates for the POR, as reported in the International Monetary Fund's (IMF) *International Financial Statistics Yearbook*. This approach is in accordance with 19 CFR 351.505(a)(3)(ii) and the Department's practice. See, e.g., *See Corrosion—Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review*, 74 FR 2512 (January 15, 2009) (*CORE from Korea 2006*), and accompanying Issues and Decision Memorandum (CORE from Korea 2006 Decision Memorandum) at "Benchmarks for Short-Term Financing."

For document acceptance (D/A) loans rediscounted under the Korean Export Import Bank's (KEXIM's) rediscount program, in accordance with 19 CFR 351.505(a)(2)(ii), we used, for benchmark purposes, usance loans issued by commercial banks to the respondent firms. This approach is in accordance with 19 CFR 351.505(a)(2)(ii) and the Department's practice. See, e.g., *Coated Free Sheet Paper from the Republic of Korea: Notice of Final Affirmative Countervailing Duty Determination*, 72 FR 60639 (October 25, 2007) (*CFS Paper Investigation*), and accompanying Issues and Decision Memorandum at "Comment 18" (CFS Paper Decision Memorandum).

B. Benchmark for Long-Term Loans

During the POR, Dongbu, HYSCO, and POSCO had outstanding

countervailable long-term won-denominated and foreign-currency-denominated loans from government-owned banks and Korean commercial banks. We used the following benchmarks to calculate the subsidies attributable to respondents' countervailable long-term loans obtained through 2007:

(1) For countervailable, foreign-currency-denominated loans, we used the company-specific weighted-average foreign currency-denominated interest rates on the company's loans from foreign bank branches in Korea, foreign securities, and direct foreign loans outstanding during the POR. Where no such benchmark instruments were available, and consistent with 19 CFR 351.505(a)(3)(ii), as well as our practice, we relied on the national average lending rates as reported by the IMF's *International Financial Statistics Yearbook*. See, e.g., *CORE from Korea 2006* and *CORE from Korea 2006 Decision Memorandum* at "Benchmarks for Long-Term Loans."

(2) For countervailable, won-denominated long-term loans, we used, where available, the company-specific interest rates on the company's comparable commercial, won-denominated loans. If such loans were not available, we used, where available, the company-specific corporate bond rate on the company's public and private bonds, as we determined that the GOK did not control the Korean domestic bond market after 1991. See, e.g., *Final Negative Countervailing Duty Determination: Stainless Steel Plate in Coils from the Republic of Korea*, 64 FR 15530, 15531 (March 31, 1999) (*Stainless Steel Investigation*) and "Analysis Memorandum on the Korean Domestic Bond Market" (March 9, 1999). The use of a corporate bond rate as a long-term benchmark interest rate is consistent with the approach the Department has taken in several prior Korean CVD proceedings. See *Id.*; see also *Final Affirmative Countervailing Duty Determination: Structural Steel Beams from the Republic of Korea (H Beams Investigation)*, 65 FR 41051 (July 3, 2000), and accompanying Issues and Decision Memorandum at "Benchmark Interest Rates and Discount Rates;" and *Final Affirmative Countervailing Duty Determination: Dynamic Random Access Memory Semiconductors from the Republic of Korea*, 68 FR 37122 (June 23, 2003) (*DRAMs Investigation*), and accompanying Issues and Decision Memorandum at "Discount Rates and Benchmark for Loans." Specifically, in those cases, we determined that, absent company-specific, commercial long-term loan interest rates, the won-

denominated corporate bond rate is the best indicator of the commercial long-term borrowing rates for won-denominated loans in Korea. Where company-specific rates were not available, we used the national average of the yields on three-year, won-denominated corporate bonds, as reported by the Bank of Korea (BOK). This approach is consistent with 19 CFR 351.505(a)(3)(ii) and our practice. See, e.g., *CORE from Korea 2006 Decision Memorandum* at "Benchmark for Long Term Loans."

In accordance with 19 CFR 351.505(a)(2)(i), our benchmarks take into consideration the structure of the government-provided loans. For countervailable fixed-rate loans, pursuant to 19 CFR 351.505(a)(2)(iii), we used benchmark rates issued in the same year that the government loans were issued. For countervailable variable-rate loans outstanding during the POR, pursuant to 19 CFR 351.505(a)(5)(i), we used the interest rates of variable-rate lending instruments issued during the year in which the government loans were issued. Where such benchmark instruments were unavailable, we used interest rates from debt instruments issued during the POR as such rates also reflect a variable interest rate that would be in effect during the POR. See 19 CFR 351.505(a)(5)(ii).

I. Programs Determined To Be Countervailable

A. Asset Revaluation Under Article 56(2) of the Tax Reduction and Exemption Control Act (TERCL)

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. The Department has previously found this program to be countervailable. For example, in the *CTL Plate Investigation*, the Department determined that this program was *de facto* specific under section 771(5A)(D)(iii) of the Tariff Act of 1930, as amended (the Act), because the actual recipients of the subsidy were limited in number and the basic metal industry was a dominant user of this program. See *Final Affirmative Countervailing Duty Determination: Certain Cut-to-Length Carbon-Quality Steel Plate from the Republic of Korea*, 64 FR 73176, 73183 (December 29, 1999) (*CTL Plate Investigation*). We also determined that a financial contribution was provided in the form of tax revenue foregone

pursuant to section 771(5)(D)(ii) of the Act. *Id.* The Department further determined that a benefit was conferred within the meaning of section 771(5)(E) of the Act on those companies that were able to revalue their assets under TERCL Article 56(2) because the revaluation resulted in participants paying fewer taxes than they would otherwise pay absent the program. *Id.* No new information or evidence of changed circumstances was presented in this review to warrant any reconsideration of the countervailability of this program.

The benefit from this program is the difference that the revaluation of depreciable assets has on a company's tax liability each year. Evidence on the record indicates that, in 1989, POSCO made an asset revaluation that increased its depreciation expense. To calculate the benefit to POSCO, we took the additional depreciation listed in the tax return filed during the POR, which resulted from the company's asset revaluation, and multiplied that amount by the tax rate applicable to that tax return. We then divided the resulting benefit by POSCO's total free on board (f.o.b.) sales. See 19 CFR 351.525(b)(3). On this basis, we preliminarily determine the net countervailable subsidy to be 0.02 percent *ad valorem* for POSCO. Dongbu and HYSCO did not use this program during the POR.

B. Research and Development Grants Under the Industrial Development Act (IDA)

The GOK, through the Ministry of Knowledge Economy (MKE),³ provides research and development (R&D) grants to support numerous projects pursuant to the IDA, including technology for core materials, components, engineering systems, and resource technology. The IDA is designed to foster the development of efficient technology for industrial development. To participate in this program a company may: (1) Perform its own R&D project, (2) participate through the Korea Association of New Iron and Steel Technology (KANIST),⁴ which is an association of steel companies established for the development of new iron and steel technology, and/or (3) participate in another company's R&D project and share R&D costs as well as funds received from the GOK. To be eligible to participate in this program, the applicant must meet the qualifications set forth in the basic plan and must perform R&D as set forth

³ MKE was formerly known as the Ministry of Commerce, Industry, and Energy (MOCIE).

⁴ Also known as Korea New Iron & Steel Technology Research Association (KNISTRA).

under the Notice of Industrial Basic Technology Development Plan. If the R&D project is not successful, the company must repay the full amount of the grants provided by the GOK.

In the *H Beams Investigation*, the Department determined that through KANIST, the Korean steel industry receives funding specific to the steel industry. Therefore, given the nature of KANIST, the Department found projects under KANIST to be specific. *See Preliminary Negative Countervailing Duty Determination with Final Antidumping Duty Determination: Structural Steel Beams From the Republic of Korea*, 64 FR 69731, 69740 (December 14, 1999) (unchanged in the final results, 65 FR 69371 (July 3, 2000), and accompanying Issues and Decision Memorandum at “R&D Grants Under the Korea New Iron & Steel Technology Research Association (KNISTRA)”). Further, we found that the grants constitute a financial contribution under section 771(5)(D)(i) of the Act in the form of a grant, and bestow a benefit under section 771(5)(E) of the Act in the amount of the grant. *Id.* No new factual information or evidence of changed circumstances has been provided to the Department with respect to this program. Therefore, we preliminarily continue to find that this program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act and constitutes a financial contribution and confers a benefit under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively.

HYSCO and POSCO were the only responding companies that benefitted from this program during the POR. Both HYSCO and POSCO participated in projects indirectly through KANIST. POSCO also participated indirectly through the Korea Construction Equipment Research Association (KCERA). Both companies claim that projects for which grants were received from the government were not related to subject merchandise.

Upon review of the information submitted by HYSCO, we preliminarily determine that certain grants pertain specifically to production of a product that is not subject merchandise. *See Memorandum to the File* titled “HYSCO’s R&D Grants Under the IDA” (August 31, 2009) (HYSCO Grants Memorandum), of which a public version is on file in the CRU. In addition, based on our review of the information submitted by POSCO, we preliminarily determine that certain grants pertain to non-subject merchandise that involves a production process that is downstream from the production process for subject

merchandise. *See Memorandum to the File* titled “POSCO’s R&D Grants Under the IDA” (August 31, 2009) (POSCO Grants Memorandum), of which a public version is on file in the CRU. Therefore, consistent with 19 CFR 351.525(b)(5)(i) and our past practice, we preliminarily determine that these grants are tied to non-subject merchandise. Hence, we did not include these grants in our benefit calculations.

HYSCO and POSCO, however, did report receiving certain grants related to new technologies that are applicable to both inputs of subject merchandise as well as subject merchandise. *See HYSCO Grants Memorandum and POSCO Grants Memorandum.* Some of these R&D grants were examined in previous reviews of this order and were found to provide countervailable benefits for the same reasons. *See Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Final Results of Countervailing Duty Administrative Review*, 73 FR 2444 (January 15, 2008) (2005 CORE from Korea), and accompanying Issues and Decision Memorandum at Comment 1 (2005 CORE from Korea Decision Memorandum); *see also* CORE from Korea 2006 Decision Memorandum, at “Research and Development Grants Under the Industrial Development Act.” In this administrative review, there is no information on the record that demonstrates that the R&D projects in question could not be used in the production of subject merchandise or that this new technology is limited to the development of non-subject merchandise. Therefore, we find in these preliminary results, as in prior reviews, that the R&D grants in question provide a countervailable benefit to HYSCO and POSCO during the POR.

To determine the benefit from the grants that HYSCO and POSCO received through KANIST, we calculated the GOK’s contribution for each R&D project that was apportioned to each company. *See* 19 CFR 351.504(a). Next, in accordance with 19 CFR 351.524(b)(2), we determined whether to allocate the non-recurring benefit from the grants over a 15-year AUL by dividing the GOK approved grant amount by each company’s total sales in the year of approval. Because the approved amounts were less than 0.5 percent of each company’s total sales, we expensed the grants to the year(s) of receipt. Next, to calculate the net subsidy rate, we divided the portion of the benefit allocated to the POR by HYSCO’s and POSCO’s total f.o.b. sales for 2007, respectively. *See* 19 CFR 351.525(b)(3). On this basis, we preliminarily determine net subsidy rates under this

program to be 0.02 percent *ad valorem* for HYSCO and 0.01 percent *ad valorem* for POSCO.

With respect to POSCO’s project with KCERA, we performed the grant calculation applying the same methodology described above for the grants received through KANIST. For the POR, we preliminarily determine the net subsidy rate for the grant received through KCERA under this program to be less than 0.005 percent *ad valorem* which, consistent with the Department’s practice, does not confer a measurable benefit and is not included in the calculation of the net countervailable rate. *See, e.g.,* CORE from Korea 2006 Decision Memorandum, at “Long-Term Lending Provided by the KDB and Other GOK-Owned Institutions from 2002–2006.” Consequently, we preliminarily determine that it is unnecessary for the Department to make a finding with regard to the countervailability of the R&D grants under IDA through KCERA.

C. R&D Grants Under the Promotion of Industrial Technology Innovation Act

The GOK, through the MKE, provides R&D grants to promote a company’s productivity and industrial competitiveness using industrial technology (IT) infrastructure under the Promotion of Industrial Technology Innovation Act (PITIA), which was established in 2006. The funding of an R&D project under the PITIA is shared by the company and the GOK, with the government contributing up to 50 percent of the project’s costs. To be eligible to participate in this program, the applicant must meet the qualifications set forth in the basic plan issued by MKE and perform R&D as set forth in the Notice of IT Innovation Network Organization Business. Applications are submitted to the Korea E-Business Association. If a company’s application is approved, MKE and the company enter into an R&D contract and MKE provides the grants. R&D grants under the PITIA are provided with respect to specific projects, which are generally multi-year projects, where the amount of funds to be received each year from the GOK is set out in the original contract.

During the POR, HYSCO was the only responding company that benefitted from this program. HYSCO reported that it led a consortium of several companies in a project for IT network innovation and that the project was unrelated to the production of subject merchandise.

In its response, the GOK provided a copy of the “Notice for Recruiting Participating Industries in IT Innovation Network Organization Business for

2006.” See GOK’s November 25, 2008, Questionnaire Response, at Exhibit G–15. The notice states that grants for IT new technology were limited to certain industries, *i.e.*, motor, steel, shipbuilding, textile, distribution, and others. The notice further states that “one consortium from each industry applicable for applying” for grants in 2006 would be selected. *Id.* The “Application Form for IT Innovation Network Organization Business” also contains the eligibility limitation stating that the “application” industry is “one of automobile, steel, fabric, paper, others.” See GOK’s November 25, 2008, Questionnaire Response, at Exhibit G–14. The GOK further reported that during 2006, 13 consortia applied for benefits under the PITIA and just four consortia received approval for financial assistance. See GOK’s February 25, 2009, Supplemental Questionnaire Response, at 3.

Because R&D grants under the PITIA were expressly limited to certain industries in 2006, we preliminarily find that this program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act. We further preliminarily find that grants provided under the PITIA constitute a financial contribution and confer a benefit under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively.

With respect to HYSCO’s statement that the R&D grants are unrelated to the production of subject merchandise, we preliminarily find that the information on the record demonstrates that the grants for IT network innovation benefit the company’s business processes and all of its product lines and, therefore, the grants are not limited to non-subject merchandise. See Memorandum to the File titled “HYSCO’s R&D Grants Under the PITIA” (August 31, 2009), of which a public version is on file in the CRU. To determine the benefit from the grants that HYSCO received under the PITIA, we first calculated the GOK’s total contribution to the project that was apportioned to HYSCO. Next, in accordance with 19 CFR 351.524(b)(2), we determined whether to allocate the non-recurring benefit from the grant over HYSCO’s AUL by dividing the total amount of the GOK’s contribution by HYSCO’s total sales in the year the total grant amount was approved. Because the approved amount was less than 0.5 percent of HYSCO’s total sales, we expensed the grants in the year of receipt. Next, to calculate the net subsidy rate, we divided the portion of the benefit allocated to the POR by HYSCO’s total f.o.b. sales for 2007. See 19 CFR 351.525(b)(3). On this basis, we preliminarily determine the net subsidy

rate under this program to be 0.02 percent *ad valorem* for HYSCO.

D. Short-Term Export Financing

KEXIM supplies two types of short-term loans for exporting companies, short-term trade financing and comprehensive export financing. KEXIM provides short-term loans to Korean exporters that manufacture goods under export contracts. The loans are provided up to the amount of the bill of exchange or contracted amount less any amount already received. For comprehensive export financing loans, KEXIM supplies short-term loans to any small or medium-sized company, or any large company that is not included in the five largest conglomerates based on their comprehensive export performance. To obtain the loans, companies must report their export performance periodically to KEXIM for review. Comprehensive export financing loans cover from 50 to 90 percent of the company’s export performance; however, the maximum loan amount is restricted to 30 billion won.

In *Steel Products From Korea*, the Department determined that the GOK’s short-term export financing program was countervailable. See *Final Affirmative Countervailing Duty Determinations and Final Negative Critical Circumstances Determinations: Certain Steel Products From Korea*, 58 FR 37338, 37350 (July 9, 1993) (*Steel Products From Korea*); see also *Notice of Final Affirmative Countervailing Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products From the Republic of Korea*, 67 FR 62102, (October 3, 2002) (*Cold-Rolled Investigation*), and accompanying Issues and Decision Memorandum (Cold-Rolled Decision Memorandum) at “Short-Term Export Financing.” No new information or evidence of changed circumstances was presented in this review to warrant any reconsideration of the countervailability of this program. Therefore, we continue to find this program countervailable. Specifically, we preliminarily determine that the export financing constitutes a financial contribution in the form of a loan within the meaning of section 771(5)(D)(i) of the Act and confers a benefit within the meaning of section 771(5)(E)(ii) of the Act to the extent that the amount of interest the respondents paid for export financing under this program was less than the amount of interest that would have been 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. In addition, we preliminarily

determine that the program is specific, pursuant to section 771(5A)(A) of the Act, because receipt of the financing is contingent upon exporting. Dongbu, HYSCO, and POCOS, POSCO’s affiliate, reported using short-term export financing during the POR.

Pursuant to 19 CFR 351.505(a)(1), to calculate the benefit under this program, we compared the amount of interest paid under the program to the amount of interest that would have been paid on a comparable commercial loan. As our benchmark, we used the short-term interest rates discussed above in the “Subsidies Valuation Information” section. To calculate the net subsidy rate, we divided the benefit by the f.o.b. value of the respective company’s total exports. On this basis, we determine the net subsidy rate to be 0.01 percent *ad valorem* for Dongbu. In the case of HYSCO and POSCO, we find the net subsidy rate to be less than 0.005 percent *ad valorem*, which consistent with the Department’s practice, does not confer a measurable benefit and is not included in the calculation of the net countervailable rate. See, *e.g.*, CORE from Korea 2006 Decision Memorandum at “GOK’s Direction of Credit.”

E. Reduction in Taxes for Operation in Regional and National Industrial Complexes

Under Article 46 of the Industrial Cluster Development and Factory Establishment Act (Industrial Cluster Act), a state or local government may provide tax exemptions as prescribed by the Restriction of Special Taxation Act. In accordance with this authority, Article 276 of the Local Tax Act provides that an entity that acquires real estate in a designated industrial complex for the purpose of constructing new buildings or enlarging existing facilities is exempt from the acquisition and registration tax. In addition, the entity is exempt from 50 percent of the property tax on the real estate (*i.e.*, the land, buildings, or facilities constructed or expanded) for five years from the date the tax liability becomes effective. The exemption is increased to 100 percent of the relevant land, buildings, or facilities that are located in an industrial complex outside of the Seoul metropolitan area. The GOK established the tax exemption program under Article 276 in December 1994, to provide incentives for companies to relocate from populated areas in the Seoul metropolitan region to industrial sites in less populated parts of the country. The program is administered by the local tax officials of the county where the industrial complex is located.

During the POR, pursuant to Article 276 of the Local Tax Act, HYSCO received exemptions from the acquisition tax, registration tax, and property tax based on the location of its manufacturing facilities, Suncheon Works, in the Yulchon Industrial Complex, a government-sponsored industrial complex designated under the Industrial Cluster Act. In addition, HYSCO received an exemption from the local education tax during the POR. The local education tax is levied at 20 percent of the property tax. The property tax exemption, therefore, results in an exemption of the local education tax. Dongbu and POSCO did not receive tax exemptions under Article 276 during the POR.

In the *CFS Paper Investigation*, the Department determined that the tax exemptions under Article 276 of the Local Tax Act are countervailable subsidies. See CFS Paper Decision Memorandum at “Reduction in Taxes for Operation in Regional and National Industrial Complexes.” No new information or evidence of changed circumstances from HYSCO or the GOK was presented in this review to warrant a reconsideration of the countervailability of this program. We, therefore, continue to find this program countervailable. Specifically, we preliminarily find that the tax exemptions that HYSCO received constitute a financial contribution and confer a benefit under sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively. We further preliminarily find that the tax exemptions are regionally specific under section 771(5A)(D)(iv) of the Act because the exemptions are limited to an enterprise or industry located within designated geographical regions in Korea.

To calculate the benefit, we divided HYSCO's total tax exemptions by the company's total f.o.b. sales value for 2007. On this basis, we preliminarily determine the net subsidy rate to be less than 0.005 percent *ad valorem*, which consistent with the Department's practice, does not confer a measurable benefit and is not included in the calculation of the net countervailable rate. See, e.g., CORE from Korea 2006 Decision Memorandum at “GOK's Direction of Credit.”

F. Other Subsidies Related to Operations at Asan Bay: Provision of Land and Exemption of Port Fees Under the Harbor Act

1. Provision of Land

The GOK's overall development plan is published every 10 years and describes the nationwide land

development goals and plans for the balanced development of the country. Under these plans, the Ministry of Construction and Transportation (MOCAT) prepares and updates its Asan Bay Area Broad Development Plan. See, e.g., Cold-Rolled Decision Memorandum, at “Provision of Land at Asan Bay.” See also *Preliminary Results of Countervailing Duty Administrative Review: Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 71 FR 53413, 53418 (September 11, 2006) (*Preliminary Results of CORE from Korea 2004*), unchanged in *Final Results of Countervailing Duty Administrative Review: Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 72 FR 119 (January 3, 2007) (*CORE from Korea 2004*). The Korea Land Development Corporation (Koland) is a government investment corporation that is responsible for purchasing, developing, and selling land in the industrial sites. *Id.*

In the *Cold-Rolled Investigation*, we verified that the GOK, in setting the price per square meter for land at the Kodai industrial estate, removed the 10 percent profit component from the price charged to Dongbu. See Cold-Rolled Decision Memorandum, at “Provision of Land at Asan Bay.” In the *Cold-Rolled Investigation*, we further explained that companies purchasing land at Asan Bay must make payments on the purchase and development of the land before the final settlement. However, in the case of Dongbu, we found that the GOK provided an adjustment to Dongbu's final payment to account for “interest earned” by the company for the pre-payments. *Id.* POSCO and HYSCO did not use this program.

In the *Cold-Rolled Investigation*, we determined that the price discount and the adjustment of Dongbu's final payment to account for “interest earned” by the company on its pre-payments were countervailable subsidies. Specifically, the Department determined that they were specific under section 771(5A)(D)(iii)(I) of the Act, as they were limited to Dongbu. *Id.* Further, the Department found the price discount and the price adjustment for “interest earned” constituted financial contributions and conferred benefits under sections 771(5)(D)(i) and 771(5)(E) of the Act, respectively. *Id.* No new information or evidence of changed circumstances from Dongbu or the GOK was presented in this review to warrant a reconsideration of the countervailability of this program. Therefore, we continue to find this program countervailable in this case.

Consistent with the *Cold-Rolled Investigation*, we have treated the land price discount and the interest earned refund as non-recurring subsidies. *Id.* In accordance with 19 CFR 351.524(b)(2), because the grant amounts were more than 0.5 percent of the company's total sales in the year of receipt, we applied the Department's standard grant methodology, as described under 19 CFR 351.524(d)(1), and allocated the subsidies over a 15-year allocation period. See the “Average Useful Life” section, above. To calculate the benefit from these grants, we used as our discount rate the rates described above in the “Subsidies Valuation Information” section. We then summed the benefits received by Dongbu during the POR. We calculated the net subsidy rate by dividing the total benefit attributable to the POR by Dongbu's total f.o.b. sales for the POR. On this basis, we determine a net countervailable subsidy rate for Dongbu of 0.18 percent *ad valorem* for the POR.

2. Exemption of Port Fees Under Harbor Act

Under the Harbor Act, companies are allowed to construct infrastructure facilities at Korean ports; however, these facilities must be deeded back to the government. Because the ownership of these facilities reverts to the government, the government compensates private parties for the construction of these infrastructure facilities. Because a company must transfer to the government its infrastructure investment, under the Harbor Act, the GOK grants the company free usage of the facility and the right to collect fees from other users of the facility for a limited period of time. Once a company has recovered its cost of constructing the infrastructure, the company must pay the same usage fees as other users of the infrastructure. In the *Cold-Rolled Investigation*, the Department found that Dongbu received free use of harbor facilities at Asan Bay based upon both its construction of a port facility as well as a road that the company built from its plant to its port. See Cold-Rolled Decision Memorandum, at “Dongbu's Excessive Exemptions under the Harbor Act.” The Department also determined that Dongbu received an exemption of harbor fees for a period of almost 70 years under this program. *Id.* In the *Cold-Rolled Investigation*, the Department found the exemption from the fees to be a countervailable subsidy. No new evidence or information of changed circumstances was presented in this review to warrant any reconsideration of the countervailability

of this program. Consistent with the *Cold-Rolled Investigation*, we preliminarily find that the exemption of port fees constitutes a financial contribution in the form of revenue foregone and confers a benefit within the meaning of sections 771(5)(D)(ii) and 771(5)(E) of the Act, respectively. Further, we preliminarily find that the program is specific under section 771(5A)(D)(iii)(I) of the Act because the excessive exemption period of 70 years is limited to Dongbu. Thus, for purposes of these preliminary results, we continue to find this aspect of the program countervailable.

In the *Cold-Rolled Investigation*, the Department determined that the benefit from the program is equal to the average yearly amount of harbor fees exemptions provided to Dongbu. *Id.* For purposes of these preliminary results, we have employed the same benefit calculation. To calculate the net subsidy rate, we divided the average yearly amount of exemptions by Dongbu's total f.o.b. sales for the POR. On this basis, we preliminarily determine that Dongbu's net subsidy rate under this program is 0.02 percent *ad valorem*.

II. Programs Preliminarily Determined Not to Confer a Benefit During the POR

A. Energy Savings Fund Program

The Energy Savings Fund (ESF) program provides financing for investment in projects and equipment that use energy efficiently. In the *DRAMS Investigation*, the Department analyzed ESF loans separately from the direction of credit allegation and found that the loans were not specific within the meaning of section 771(5A) of the Act during the period of investigation (POI), which was January 1, 2001, through June 30, 2002. *See Final Affirmative Countervailing Duty Determination: Dynamic Random Access Memory Semiconductors from the Republic of Korea*, 68 FR 37122 (June 23, 2003) (*DRAMS Investigation*), and accompanying Issues and Decision Memorandum (DRAMS Investigation Decision Memorandum) at "ESF Program" and "Comment 24." In the instant review, HYSCO reported that, during the POR, the company had outstanding balances for ESF loans that were received in 2000. The Department's specificity finding in the *DRAMS Investigation* did not cover the year 2000. *See Preliminary Affirmative Countervailing Duty Determination: Dynamic Random Access Memory Semiconductors from the Republic of Korea*, 68 FR 16766, 16775 (April 7, 2003) (unchanged in final results, 68 FR 37122 (June 23, 2003)). However,

because there is no measurable benefit for this program, we preliminarily determine that it is unnecessary for the Department to make a determination on the countervailability of ESF loans that were issued in 2000 as explained below.

We performed the loan benefit calculation applying the long-term benchmark interest rates described above in the "Subsidies Valuation Information" section. For the POR, we preliminarily determine the net subsidy rate under the ESF loan program to be less than 0.005 percent *ad valorem*, which, consistent with the Department's practice, does not confer a measurable benefit and is not included in the calculation of the net countervailable rate. *See, e.g., CORE from Korea 2006 Decision Memorandum at "GOK's Direction of Credit."* This program was not used by Dongbu or POSCO.

B. R&D Grants Under the Act on the Promotion of the Development of Alternative Energy

During the POR, HYSCO received energy-related grants under the Act on the Promotion of the Development of Alternative Energy (Alternative Energy Act) for an R&D project in which the company participated with other firms.⁵ HYSCO reported that R&D grants under the Alternative Energy Act are provided with respect to specific projects, which are generally multi-year projects where the amount of funds to be provided by the GOK is set out in the project contract. The cost of R&D projects under this program is shared by the participating companies and the GOK.

We calculated the GOK's contribution to the project that was apportioned to HYSCO and then, in accordance with 19 CFR 351.524(b)(2), determined whether to allocate the non-recurring benefit from the grant over HYSCO's AUL by dividing the total amount of the GOK's contribution by HYSCO's total sales in the year the grants were approved. Because the amount of the grants is less than 0.5 percent of the relevant sales, we expensed the benefits from the grants to the year of receipt. We preliminarily determine the subsidy rate under this program to be less than 0.005

⁵ In the initial questionnaire responses, both HYSCO and the GOK reported that HYSCO received these grants related to energy use under the Energy Use Rationalization Act. *See* HYSCO's November 24, 2008 Questionnaire Response, at 17; and GOK's November 25, 2008 Questionnaire Response, at Exhibit G-8. In their supplemental questionnaire responses, HYSCO and GOK corrected their earlier statements and reported that the energy grants were provided under the Act on the Promotion of Development of Alternative Energy. *See* HYSCO's February 26, 2009 Supplemental Questionnaire Response, at Exhibit G-7 and Exhibit G-16; and GOK's February 25, 2009 Supplemental Questionnaire Response, at 1.

percent *ad valorem*, which, consistent with the Department's practice, does not confer a measurable benefit and is not included in the calculation of the net countervailable rate. *See, e.g., CORE from Korea 2006 Decision Memorandum at "GOK's Direction of Credit."* Consequently, we preliminarily determine that it is unnecessary for the Department to make a finding as to the countervailability of this program in this review. If a future administrative review of this proceeding is requested, we will further examine grants provided under the Alternative Energy Act.

C. Export Loans by Commercial Banks Under KEXIM's Trade Bill Rediscounting Program

The GOK enacted KEXIM's Trade Bill Rediscount program in July 1998. From July 1998 to May 2004, KEXIM rediscounted the actual D/A and export letter of credit (L/C) (*e.g.,* export usance loans) financing of exporters that had first been discounted by commercial banks. However, after May 18, 2004, KEXIM switched to a rediscount ceiling method with Korean commercial banks. Under the ceiling method, KEXIM calculates the rediscount ceiling for participating commercial banks on a quarterly basis based on the total D/A or export L/C financing provided by the banks during the previous period, the banks' projected rediscounts, and the banks' credit rating. Under the trade bill rediscounting program, exporters first discount their D/As and export L/Cs with banks that are participating in the program. The banks, in turn, discount promissory notes with KEXIM. Dongbu had D/A loans outstanding under the program during the POR from banks that participated in the KEXIM rediscount program. We preliminarily determine that HYSCO and POSCO did not use the program during the POR.

The Department found this program countervailable in the *CFS Paper Investigation*. *See* CFS Paper Decision Memorandum at "Export Loans by Commercial Banks Under KEXIM's Trade Bill Rediscounting Program." For purposes of these preliminary results, we find that no information was submitted in this review that warrants reconsideration of our finding in the *CFS Paper Investigation* regarding this program.

We also find that companies do not know whether commercial banks subsequently rediscount their D/A loans with KEXIM nor does KEXIM link rediscounts to individual loans or exporters. Further, we find that KEXIM's rediscount ceiling represents only a portion of participating banks' total discounts on export loans during

the POR. Therefore, we are pro-rating benefits under this program by the percentage of loans each bank rediscounted with KEXIM under the program.

To determine whether a benefit was conferred, we first compared the amount Dongbu paid on its D/A loans outstanding during the POR to the amount it would pay on comparable commercial short-term financing that it could obtain on the market. *See* 19 CFR 351.505(a). For our benchmark, we have used Dongbu's weighted-average interest rate on its foreign currency, commercial short-term loans outstanding during the POR. *See* 19 CFR 351.505(a)(2)(iv). Where unavailable, in accordance with 19 CFR 351.505(a)(3)(ii), we have used the short-term lending rate for the POR, as published in the IMF's *International Financial Statistics Yearbook*. 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 Dongbu on its D/A loans is a discounted rate. Therefore, for benchmark interest rates that were not already discounted, it was necessary to derive a discounted benchmark interest rate from Dongbu's company-specific weighted-average interest rates for short-term commercial loans. For Dongbu, we preliminarily determine that there is no benefit during the POR because the benchmark interest rate is lower than the interest rates that the company actually paid.

D. D/A Loans Issued by the Korean Development Bank and Other Government-Owned Banks

Of the D/A loans rediscounted under KEXIM's trade bill rediscount program, Dongbu received D/A loans from such government-owned banks as the Korean Development Bank (KDB). In the *CFS Paper Investigation*, we found this program countervailable. *See* CFS Paper Decision Memorandum at "D/A Loans Issued by the KDB and Other Government-Owned Banks." For purposes of these preliminary results, we find that no information was submitted in this review that warrants reconsideration of our finding in the *CFS Paper Investigation* regarding this program.

To calculate the benefit, we compared the amount of interest paid on the government loan to the amount of interest that would have been paid on comparable commercial short-term financing that could have been obtained on the market. *See* 19 CFR 351.505(a). For our benchmark, we have used the Dongbu's weighted-average interest rate on its commercial short-term loans

outstanding during the POR. *See* 19 CFR 351.505(a)(2)(iv). Where unavailable, in accordance with 19 CFR

351.505(a)(3)(ii), we have used the short-term lending rate for the POR, as published in the IMF's *International Financial Statistics Yearbook*. 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 Dongbu on its D/A loans is a discounted rate. Therefore, it was necessary to derive a discounted benchmark interest rate from Dongbu's company-specific weighted-average interest rates for short-term commercial loans, pursuant to 19 CFR 351.505(a)(2)(iv). *See* the "Subsidies Valuation Information" section above at "Benchmarks for Short-Term Financing." For Dongbu, we preliminarily determine that there is no benefit during the POR because the benchmark interest rate is lower than the interest rates that the company actually paid.

We preliminarily determine that POSCO and HYSCO did not use this program during the POR.

E. GOK's Direction of Credit for Loans Issued Prior to 2002

In *CORE from Korea 2006*, the Department determined the GOK ended its practice of directing credit to the steel industry as of 2002. However, during 2007, respondents had outstanding loans that were provided prior to 2002.

In accordance with 19 CFR 351.505(c)(2) and (4), we calculated the benefit for each fixed- and variable-rate loan received prior to 2002 as the difference between the actual amount of interest paid on the directed loan during the POR and the amount of interest that would have been paid during the POR at the benchmark interest rate. We conducted our benefit calculations using the benchmark interest rates described in the "Subsidies Valuation Information" section above. For foreign currency-denominated loans, we converted the benefits into Korean won. We then summed the benefits from each company's long-term fixed-rate and variable-rate loans.

To calculate the net subsidy rate, we divided the companies' total benefits by their respective total f.o.b. sales values during the POR, as this program is not tied to exports or a particular product. In calculating the net subsidy rate for POSCO, we removed from the denominator sales made between affiliated parties.⁶ For POSCO, Dongbu,

and HYSCO, we preliminarily determine the net subsidy rate under the direction of credit program to be less than 0.005 percent *ad valorem*, which pursuant to the Department's practice we find to be not measurable. *See, e.g.*, CORE from Korea 2006 Decision Memorandum at "GOK's Direction of Credit." Because any benefits stemming from respondents' outstanding loans issued prior to 2002 are not measurable during the POR, we preliminarily determine that no benefit was received under this program.

F. Overseas Resource Development Program

The GOK enacted the Overseas Resource Development (ORD) Business Act in order to establish the foundation for securing the long-term supply of essential energy and major material minerals, which are mostly imported because of scarce domestic resources. Pursuant to Article 11 of this Act, the Ministry of Knowledge Economy (MKE) annually announces its budget and the eligibility criteria to obtain a loan from MKE. Any company that meets the eligibility criteria may apply for a loan to MKE. The loan evaluation committee evaluates the applications, selects the recipients and gets the approval from the minister of MKE. For projects that are related to petroleum and natural gas, the Korea National Oil Corporation (KNOC) lends the funds to the company for foreign resources development. An approved company enters into a borrowing agreement with KNOC for the development of the selected resource. Two types of loans are provided under this program: "General loans" and "success-contingent loans." For a success-contingent loan, the repayment obligation is subject to the results of the development project. In the event that the project fails, the company will be exempted from all or a portion of the loan repayment obligation. However, if the project succeeds, a portion of the project income is payable to KNOC.

During the POR, POSCO reported in its 2006–2007 audited non-consolidated financial statements that it had received a success-contingent loan from KNOC. *See* POSCO's November 24, 2008 Questionnaire Response, at Exhibit 7. Because the repayment of this liability is contingent on subsequent events, the Department would treat the balance on this unpaid liability as a contingent-liability interest-free loan, pursuant to 19 CFR 351.505(d). We performed the loan benefit calculation applying the

⁶ For POSCO, we also removed intra-company sales from the denominators of the net subsidy rate

calculations of the other programs found countervailable in these preliminary results. This step was not necessary for Dongbu or HYSCO.

long-term benchmark interest rates described above in the “Subsidies Valuation Information” section. For the POR, we preliminarily determine that the net subsidy rate under the ORD loan program is less than 0.005 percent *ad valorem*. Where the countervailable subsidy rate for a program is less than 0.005 percent, the Department considers the net subsidy rate to be not measurable and excludes the net subsidy rate from the total CVD rate. See, e.g., *CORE from Korea 2006 Decision Memorandum* at “GOK’s Direction of Credit.” Hence, we preliminarily find that this loan does not confer a measurable benefit to POSCO. Accordingly, it is unnecessary to make a finding as to the countervailability of this program for this POR. We will include an examination of this program in future administrative reviews.

Dongbu and HYSCO did not use this program during the POR.

III. Programs Preliminarily Determined To Be Not Countervailable

A. GOK’s Direction of Credit for Loans Issued After 2001

In *CORE from Korea 2006*, the Department determined that the GOK no longer has a systemic practice of directing credit within the Korean financial sector and that directed credit within the Korean steel industry ended as of 2002. See *CORE from Korea 2006 Decision Memorandum* at “GOK’s Direction of Credit.” As there has been no information submitted in this review to warrant reconsideration of our finding in *CORE from Korea 2006*, we continue to find that there is no directed credit to the Korean steel industry from 2002.⁷ As in *CORE from Korea 2006*, our decision is restricted to the post-2001 period.⁸ Because this program was

found not countervailable in *CORE from Korea 2006*, we will no longer review this program in any further administrative review absent evidence of changed circumstances or new information.

B. Long-Term Loans From the KDB Issued in Years 2002 Through 2007

HYSCO, Dongbu, and POSCO had long-term loans that were issued by the KDB, a government policy bank, in years 2002 through 2007 on which they made interest payments during the POR. Therefore, in these preliminary results, we have analyzed whether the long-term KDB loans are countervailable. First, we analyzed whether the KDB issued long-term loans to respondents and/or the Korean steel industry in a manner that was specific within the meaning of section 771(5A) of the Act.

The Department has previously determined that long-term loans issued by the KDB during the period 2002 through 2006 are not *de jure* specific within the meaning of sections 771(5A)(D)(i) and (ii) of the Act because: (1) They are not based on exportation; (2) they are not contingent on the use of domestic goods over imported goods; and (3) the legislation and/or regulations do not expressly limit access to the subsidy to an enterprise or industry, or groups thereof, as a matter of law. See *CFS Paper Decision Memorandum* at “Long-Term Lending Provided by the KDB and Other GOK-Owned Institutions.” The Department’s finding in the *CFS Paper Investigation* that long-term loans issued by the KDB during the period 2002 through 2006 are not *de jure* specific was not limited to a particular industry or industries. *Id.* Therefore, in regard to this issue, we find that the Department’s determination in the *CFS Paper Investigation* is applicable to the instant review. Further, concerning this program, there is no information on the record of the instant review that warrants reconsideration of the Department’s prior finding of the absence of *de jure* specificity during the 2002 through 2006 period. On this basis, we preliminarily determine that the KDB’s issuance of long-term loans during the 2002 through 2007 period are not *de jure* specific within the meaning of sections 771(5A)(D)(i) and (ii) of the Act.

Where the Department finds no *de jure* specificity, section 771(5A)(D)(iii) of the Act also directs the Department to examine whether the benefits provided under the program are *de facto*

specific—that is, whether the benefits are specific as a matter of fact. Subparagraphs (I) through (IV) of section 771(5A)(D)(iii) of the Act stipulate that a program is *de facto* specific if one or more of the following factors exist:

(I) The actual recipients of the subsidy whether considered on an enterprise or industry basis are limited in number.

(II) An enterprise or industry is a predominant user of the subsidy.

(III) An enterprise or industry receives a disproportionately large amount of the subsidy.

(IV) 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.

In response to the Department’s request, the GOK provided the Department with a breakdown of the issuance of long-term lending by the KDB, by industry, for the years 2001 through 2007. See GOK’s April 3, 2009 Questionnaire Response, at Exhibit A–7. In conducting our *de facto* specificity analysis, we identified all long-term loans issued by the KDB to POSCO, Dongbu, and HYSCO on which interest payments were made during the POR. We then analyzed the distribution of all long-term loans issued by the KDB across industry groups in the year in which HYSCO’s outstanding loans were issued as well as the two preceding years.⁹ Specifically, we compared the amount of long-term KDB loans issued to the “Base Metal Industry” (e.g., the steel industry) to the amount of long-term KDB loans issued to other industries.

Based on our analysis of the long-term KDB lending data coupled with the KDB lending data reported by POSCO, Dongbu, and HYSCO in their respective questionnaire responses, we preliminarily determine that respondent firms, as individual enterprises, did not receive KDB loans in a manner that was *de facto* specific as described under sections 771(5A)(D)(iii)(I) through (III) of the Act. Further, based on these comparisons, we preliminarily determine that the KDB did not issue loans to the steel industry in a manner that was *de facto* specific as described under sections 771(5A)(D)(iii)(II) and (III) of the Act. Lastly, we preliminarily determine that there is no evidence on the record of the instant review indicating that the GOK exercised

⁷ See, e.g., *Preliminary Results of Countervailing Duty Administrative Review: Corrosion-Resistant Carbon Steel Flat Products from France*, 71 FR 52770, 52772 (September 7, 2006) (unchanged in final results, *Corrosion-Resistant Carbon Steel Flat Products from France: Final Results of Countervailing Duty Administrative Review*, 71 FR 68549 (November 26, 2006)): “If a program is determined to be non-countervailable in a previous proceeding, the Department will not normally reconsider such a determination in future proceedings absent evidence potentially contradicting that determination. We preliminarily find that there is no information on the record of the instant case, including this segment of the proceeding, that warrants a change to our earlier finding that this program is not specific and, therefore, not countervailable.”

⁸ Our determination in this regard does not change the decision that was made by the Department in *DRAMS Investigation* that there may still be instances in which the GOK may attempt to influence bank decisions on an *ad hoc* basis such as the government-led financial restructuring of Hynix. See, e.g., *DRAMS Investigation* and *DRAMS*

Investigation Decision Memorandum at “Direction of Credit and Other Financial Assistance.”

⁹ The GOK was able to provide information concerning the amount of loans the KDB issued to each industry during the period 2001 through 2007. Therefore, when analyzing whether loans issued in 2002 were specific, we were only able to analyze lending patterns during the period 2001 and 2002.

discretion in the decision to issue long-term KDB loans which indicates that the steel industry was favored over other industries within the meaning of section 771(5A)(D)(iii)(IV) of the Act. For further information, see Memorandum to the File titled "Analysis of KDB Lending Data" (August 31, 2009), which is a public document on file in the CRU.

On this basis, we preliminarily determine that the long-term loans that POSCO, Dongbu, and HYSCO received from the KDB during the years 2002 through 2007 are not specific within the meaning of section 771(5A) of the Act, and, therefore, we preliminarily determine that they are not countervailable.

C. Restriction of Special Taxation Act (RSTA) Article 94: Equipment Investment To Promote Worker's Welfare

Under Article 94 of the Restriction of Special Taxation Act and its enforcement decree, a company that invests in facilities to promote employees' welfare may deduct an amount equivalent to 7 percent of the acquisition value of the facilities from its income tax. See GOK's November 25, 2008, Questionnaire Response, at Exhibit B-1. In the *Cold-Rolled Investigation*, the Department determined that the tax credit was only available for companies using domestic machines and equipment and was therefore countervailable. See *Cold-Rolled Decision Memorandum* at "Investment Tax Credits." In this administrative review, POSCO reported that it earned tax credits under RSTA Article 94 in fiscal year 2006 and used the tax credit on the tax return filed during the POR.

In its November 25, 2008, Questionnaire Response, the GOK explained that the eligibility requirement for home-produced machines and materials in the Tax Reduction and Control Act (TERCL) Article 88 (the predecessor program to RSTA Article 94) was deleted through amendment by Act No. 5534 of April 10, 1998 in compliance with eliminating prohibited subsidies under the World Trade Organization (WTO). See GOK's November 25, 2009, Questionnaire Response, at Exhibit B-5. The GOK further explained that RSTA Article 94 in its current form provides a tax credit of 7 percent, has no domestic content requirement, and the program expires in 2009. See GOK's November 25, 2008, Questionnaire Response, at 11. The GOK affirmed that POSCO claimed its tax credit pursuant to the January 1, 2004 version of RSTA Article 94, which was in effect from January 1, 2004, to

December 31, 2006. See GOK's May 27, 2009, Questionnaire Response, at 1. Therefore, we preliminarily determine that POSCO did not receive a countervailable benefit under RSTA Article 94 because the program is no longer an import substitution program. Furthermore, this program is available and used by all companies and industries in Korea that invest in facilities that promote employee welfare, and thus, is not specific under 771(5A)(D) of the Act.

IV. Programs Preliminarily Determined To Be Not Used

- Reserve for Research and Manpower Development Fund Under RSTA Article 9 (TERCL Article 8);
- RSTA Article 11: Tax Credit for Investment in Equipment to Development Technology and Manpower (TERCL Article 10);
- Reserve for Export Loss Under TERCL Article 16;
- Reserve for Overseas Market Development Under TERCL Article 17;
- Reserve for Export Loss Under TERCL Article 22;
- Exemption of Corporation Tax on Dividend Income from Overseas Resources; Development Investment Under TERCL Article 24;
- Tax Credits for Temporary Investments Under TERCL Article 27;
- Social Indirect Capital Investment Reserve Funds Under TERCL Article 28;
- Energy-Savings Facilities Investment Reserve Funds Under TERCL Article 29;
- Reserve for Investment (Special Cases of Tax for Balanced Development Among Areas Under TERCL Articles 41-45);
- Tax Credits for Specific Investments Under TERCL Article 71;
- Emergency Load Reduction Program;
- Electricity Discounts Under the Requested Loan Adjustment Program;
- Electricity Discounts Under the Emergency Load Reductions Program;
- Export Industry Facility Loans and Specialty Facility Loans;
- Local Tax Exemption on Land Outside of a Metropolitan Area;
- Short-Term Trade Financing Under the Aggregate Credit Ceiling Loan Program Administered by the Bank of Korea;
- Industrial Base Fund;
- Excessive Duty Drawback;
- Private Capital Inducement Act;
- Scrap Reserve Fund;
- Special Depreciation of Assets on Foreign Exchange Earnings;
- Export Insurance Rates Provided by the Korean Export Insurance Corporation;
- Loans from the National Agricultural Cooperation Federation;
- Tax Incentives from Highly Advanced Technology Businesses Under the Foreign Investment and Foreign Capital Inducement Act.

Preliminary Results of Review

In accordance with 19 CFR 351.221(b)(4)(i), we calculated an

individual subsidy rate for each producer/exporter subject to this administrative review. For the period January 1, 2007, through December 31, 2007, we preliminarily determine the net subsidy rate for Dongbu to be 0.21 percent *ad valorem*, 0.04 percent *ad valorem* for HYSCO, and 0.01 percent *ad valorem* for POSCO, all of which are *de minimis* rates. See 19 CFR 351.106(c)(1).

The Department intends to issue assessment instructions to U.S. Customs and Border Protection (CBP) 15 days after the date of publication of the final results of this review. If the final results remain the same as these preliminary results, the Department will instruct CBP to liquidate without regard to countervailable duties all shipments of subject merchandise produced by Dongbu, HYSCO, and POSCO, entered, or withdrawn from warehouse, for consumption from January 1, 2007 through December 31, 2007. The Department will also instruct CBP not to collect cash deposits of estimated countervailing duties on shipments of the subject merchandise produced by Dongbu, HYSCO, and POSCO, entered, or withdrawn from warehouse, for consumption on or after the date of publication of the final results of this review.

We will instruct CBP 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 companies covered by this order, but not examined in this review, are those established in the most recently completed administrative proceeding for each company. These rates shall apply to all non-reviewed companies until a review of a company assigned these rates is requested.

Public Comment

Pursuant to 19 CFR 351.224(b), the Department will disclose to parties to the proceeding any calculations performed in connection with these preliminary results within five days after the date of the public announcement of this notice. Pursuant to 19 CFR 351.309, interested parties may submit written comments in response to these preliminary results. Unless otherwise indicated by the Department, case briefs must be submitted within 30 days after the publication of these preliminary results. See 19 CFR 351.309(c)(1)(ii). 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. See 19 CFR 351.309(d)(1). 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(c), 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.

Pursuant to 19 CFR 351.305(b)(4), 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)(i), 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.

These preliminary results of review are issued and published in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(4).

Dated: August 31, 2009.

Ronald K. Lorentzen,
Acting Assistant Secretary for Import Administration.

[FR Doc. E9-21614 Filed 9-4-09; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-580-816]

Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Preliminary Results of the Antidumping Duty Administrative Review

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

SUMMARY: In response to timely requests, the Department of Commerce (the Department) is conducting the fifteenth administrative review of the antidumping order on corrosion-resistant carbon steel flat products

(CORE) from the Republic of (Korea). This review covers seven manufacturers and/or exporters (collectively, the respondents) of the subject merchandise: LG Chem., Ltd. (LG Chem), Haewon MSC Co. Ltd. (Haewon), Dongbu Steel Co., Ltd. (Dongbu); Hyundai HYSCO (HYSCO); Pohang Iron & Steel Co., Ltd. (POSCO) and Pohang Coated Steel Co., Ltd. (POCOS) (collectively, POSCO); and Union Steel Manufacturing Co., Ltd. (Union). The period of review (POR) is August 1, 2007, through July 31, 2008. We preliminarily determine that Union made sales of subject merchandise at less than normal value (NV). We preliminarily determine that HYSCO and POSCO have not made sales below NV.

In addition, based on the preliminary results for the respondents selected for an individual review, we have preliminarily determined a margin for those companies that were not selected for individual review. If these preliminary results are adopted in the final results of this administrative review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties on all appropriate entries of subject merchandise during the POR.

EFFECTIVE DATE: September 8, 2009.

FOR FURTHER INFORMATION CONTACT: Dennis McClure (Union, POSCO, and all others), and Christopher Hargett (HYSCO), AD/CVD Operations, Office 3, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5973, (202) 482-4161, and (202) 482-5075, respectively.

SUPPLEMENTARY INFORMATION:

Background

On August 19, 1993, the Department published the antidumping order on CORE from Korea. See *Antidumping Duty Orders on Certain Cold-Rolled Carbon Steel Flat Products and Certain Corrosion-Resistant Carbon Steel Flat Products from Korea*, 58 FR 44159 (August 19, 1993) (*Orders on Certain Steel from Korea*). On August 1, 2008, we published in the **Federal Register** the *Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity to Request Administrative Review*, 73 FR 44966 (August 1, 2008). Between August 20, 2008, and September 2, 2008, respondents and petitioners¹ requested

¹ Petitioners are the United States Steel Corporation (U.S. Steel), Nucor Corporation

a review of Dongbu, HYSCO, POSCO, Union, Dongkuk Industries Co., Ltd. (Dongkuk), Haewon and LG Chem. The Department initiated a review of each of the companies for which a review was requested. See *Initiation of Antidumping and Countervailing Duty Administrative Reviews and Requests for Revocation in Part*, 73 FR 56794 (September 30, 2008).

On December 8, 2008, the Department selected HYSCO and Union as mandatory respondents in this review. See Memorandum from Christopher Hargett, International Trade Compliance Analyst, through James Terpstra, Program Manager, to Melissa Skinner, Director, Office 3, entitled "2007-2008 Antidumping Duty Administrative Review of Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Selection of Respondents for Individual Review," dated December 8, 2008. The Department indicated that it would calculate a weighted-average of the mandatory respondents' margins to apply to those companies not selected for individual examination.

On July 2, 2009, we published the notice of rescission of this antidumping duty administrative review with respect to Dongkuk because it had no sales of subject merchandise to the United States during the POR.²

On July 8, 2009, we reconsidered our resources and found it practicable to review POSCO as a voluntary respondent. Specifically, in other antidumping duty cases being conducted by the office, several review requests were withdrawn and/or respondents have ceased participating in the review. Moreover, POSCO submitted a timely response to the Department's questionnaire. Therefore, we selected POSCO as a voluntary respondent in the instant review.³

At the time we issued the questionnaire, during the most recently completed segments of the proceeding in which HYSCO and Union participated,⁴ the Department

(Nucor), and Mittal Steel USA ISG, Inc. (Mittal Steel USA).

² See *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Rescission of Antidumping Duty Administrative Review, In Part*, 74 FR 28664 (June 17, 2009).

³ See memo from James Terpstra to Melissa Skinner entitled "2007-2008 Antidumping Duty Administrative Review of Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Selection of POSCO as a Voluntary Respondent," dated July 8, 2009.

⁴ See *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of the Thirteenth Administrative Review and Partial Rescission*, 73 FR 14220 (March 17, 2008) (*CORE 13 Final Results*); see also *Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Final Results of the*