the Department, the cash deposit rate will be 18.07 percent for the A–588-054 case, and 36.52 percent for the A–588–604 case (*see 90/92 TRB Final*).

The cash deposit rate has been determined on the basis of the selling price to the first unaffiliated U.S. customer. For appraisement purposes, where information is available, the Department will use the entered value of the merchandise to determine the assessment rate.

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

This notice also serves as a reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.306. Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a sanctionable violation.

This administrative review and notice are in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.213.

Dated: November 9, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–30740 Filed 11–16–98; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–427–815]

Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Stainless Steel Sheet and Strip in Coils from France

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

EFFECTIVE DATE: November 17, 1998.

FOR FURTHER INFORMATION CONTACT: Rosa Jeong, Marian Wells or Annika O'Hara, Office of Antidumping/Countervailing Duty Enforcement, Group I, Import Administration, U.S. Department of Commerce, Room 3099, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482–3853, 482–6309, or 482–3798, respectively.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers or exporters of stainless steel sheet and strip in coils from France. For information on the estimated countervailing duty rates, please see the ''Suspension of Liquidation'' section of this notice.

Petitioners

The petition in this investigation was filed by the Allegheny Ludlum Corporation, Armco Inc., Washington Steel Division of Bethlehem Steel Corporation, United Steel Workers of America, AFL–CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization, Inc. (collectively referred to hereinafter as the ''petitioners'').

Case History

Since the publication of the notice of initiation in the **Federal Register** (*see Notice of Initiation of Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils from France, Italy, and the Republic of Korea,* 63 FR 37539 (July 13, 1998) (*Initiation Notice*)), the following events have occurred:

On July 14, 1998, we issued countervailing duty questionnaires to the Government of France (GOF), the European Commission (EC), and the producers/exporters of the subject merchandise. On August 6, 1998, we postponed the preliminary determination of this investigation until November 9, 1998 (*see Notice of Postponement of Preliminary Determination for Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils from France, Italy and the Republic of Korea,* 63 FR 43140 (August 12, 1998)).

On September 14, 1998, we received responses from the GOF, the EC, and Usinor (whose Ugine Division is the sole producer of the subject merchandise that exported to the United States during the period of investigation). On October 2, 1998, we issued supplemental questionnaires to the GOF, the EC, and Usinor. We received responses to the supplemental questionnaires from the EC on October 13, 1998 and from Usinor and the GOF on October 21, 1998.

On August 19, 1998, the petitioners requested that the Department investigate three programs which the Department did not include in its initiation. After a review of the petitioners' submissions, we determined that they did not allege the elements necessary for imposition of a countervailing duty with respect to these programs. Accordingly, we declined to include the three programs in our investigation. *See* Memorandum to Richard W. Moreland, Deputy Assistant Secretary for AD/CVD Enforcement, ''Petitioners'' Supplemental Allegations,'' dated October 27, 1998, on file in the Central Records Unit of the Department of Commerce.

Scope of Investigation

For purposes of these investigations, 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 investigation is classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15,

7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTSUS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Excluded from the scope of this petition 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, rectangular in shape, of a width of not more than 9.5 mm, and a thickness of not more than 6.35 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 these investigations. These excluded products are described below: Flapper valve steel is defined as stainless steel strip in coils with a chemical composition similar to that of AISI 420F grade steel and 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 185 kgf/mm^2, plus or minus 10, yield strength of 150 kgf/mm^2, plus or minus 8, and hardness (Hv) of 540, plus or minus 30.

Also excluded is suspension foil, a specialty steel product used, *e.g.*, 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 µm, with a thickness tolerance of plus-or-minus 2.01 µm, 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, and must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of these investigations. 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 of 1.016 to 228.6 mm, and a thickness between 0.0127 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, *e.g.*, under the trade name ''Arnokrome III.'' [1]

Electrical resistance alloy steel is also not included in the scope of these investigations. 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, *e.g.*, under the trade name ''Gilphy 36.'' [2]

Finally, certain stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives) is also excluded. This steel is similar to ASTM grade 440F, but containing higher levels of molybdenum. This steel contains, by weight, carbon of between 1.0 and 1.1 percent, sulphur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and cobalt. This steel is sold under, *e.g.*, the proprietary name GIN4Mo.[3]

All interested parties are advised that additional issues pertaining to the scope of these investigations are still pending. Furthermore, the exclusions outlined above are subject to further revision and refinement. The Department plans on notifying interested parties of its determinations on all scope issues in sufficient time for parties to comment before the final determination.

The Applicable Statute

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 effective January 1, 1995 (the Act). In addition, unless otherwise indicated, all citations to the Department's regulations are to the current regulations as codified at 19 CFR Part 351 (1998).

Injury Test

Because France is a ''Subsidies Agreement Country'' within the meaning of section 701(b) of the Act, the International Trade Commission (ITC) is required to determine whether imports of the subject merchandise from France materially injure, or threaten material injury to, a U.S. industry. On August 9, 1998, the ITC published its preliminary determination finding that there is a reasonable indication that an industry in the United States is being materially injured or threatened with material injury by reason of imports from France of the subject merchandise (*see Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan, and the United Kingdom*, 63 FR 41864 (August 9, 1998)).

Alignment with Final Antidumping Duty Determination

On July 22, 1998, the petitioners submitted a letter requesting alignment of the final determination in this investigation with the final determination in the companion antidumping duty investigation. *See Initiation of Antidumping Investigations: Stainless Steel Sheet and Strip in Coils From France, Germany, Italy, Japan, Mexico, South Korea, Taiwan, and the United Kingdom*, 63 FR 37521 (July 13, 1998). Therefore, in accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determinations in the antidumping investigations of stainless steel sheet and strip in coils.

Period of Investigation

The period for which we are measuring subsidies (the POI) is calendar year 1997.

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

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

[3] ''Gin4Mo'' is the proprietary grade of Hitachi Metals America, Ltd.

Company History

The GOF identified the Ugine Division of Usinor as the only producer of the subject merchandise that exported to the United States during the POI.

In the early 1980s, Ugine (then called Ugine Aciers) was one of several producers of stainless steel in France. In 1982, the French steel company Sacilor acquired a controlling interest in Ugine. In the following year, Sacilor bought a majority of the shares in another stainless steel producer, Forges de Gueugnon, which was merged with one part of Ugine and renamed Ugine-Gueugnon. During the same time, Usinor was a separate steel company with one division called Usinor Châtillon producing stainless steel. In 1987, the GOF placed Usinor and Sacilor in a holding company named Usinor Sacilor. At the same time, Ugine-Gueugnon and Usinor Châtillon were combined into one company called Ugine Aciers de Châtillon et Gueugnon (Ugine ACG).

In 1991, Ugine ACG merged with Sacilor and became Ugine **s.a.,** a subsidiary of the Usinor Sacilor holding company. In 1994, Ugine **s.a.** was partially privatized when Usinor Sacilor sold approximately 40 percent of its equity in the company to the general public. However, in 1995, Usinor Sacilor bought back the shares in Ugine **s.a.** and obtained a near 100 percent control of the company. In late 1995, Ugine **s.a.** was converted into a division of Usinor Sacilor and became ''the Ugine Division,'' producing stainless steel and alloys. Finally, in 1997, Usinor Sacilor was renamed Usinor.

The GOF was the majority owner of both Usinor and Sacilor until the mid-1980s. In 1986, the GOF emerged as the sole owner of both companies after a capital restructuring. In 1987, the GOF created the Usinor Sacilor holding company which continued to be wholly owned by the GOF until 1991 when Credit Lyonnais, a government-owned bank, bought 20 percent of the equity in the company.

In July 1995, the first partial privatization of Usinor Sacilor, combined with a capital increase, took place. The shares were sold through a public offering of shares which consisted of a French public offering, an international public offering, and an employee offering. In accordance with the French privatization law, a certain portion of the shares were also sold to a group of so-called ''stable shareholders,'' some of which were government-owned banks and other entities. After this privatization, the stable shareholders held approximately 15 percent of Usinor's total shares, 10 percent of which were held by government-owned or controlled entities. The GOF continued to own 9.8 percent of the shares directly. A second offering of shares to employees took place in June 1996.

In early 1997, the GOF transferred (without remuneration) a small part of its stake in Usinor to individual French shareholders and company employees who had held on to their shares for 18 months following the July 1995 privatization. In October 1997, the GOF sold most of its remaining shares on the market, leaving it with approximately one percent of the shares. These shares were to be given away for free in August 1998.

Change in Ownership

In the *General Issues Appendix* (*GIA*), attached to the *Final Affirmative Countervailing Duty Determination: Certain Steel Products from Austria,* 58 FR 37217, 37226 (July 9, 1993), we applied a new methodology with respect to the treatment of subsidies received prior to the sale of the company (privatization) or the spinning-off of a productive unit.

Under this methodology, we estimate the portion of the purchase price attributable to prior subsidies. We compute this by first dividing the privatized company's subsidies by the company's net worth for each year during the period beginning with the earliest point at which nonrecurring subsidies would be attributable to the POI (*i.e.*, in this case, 1984 for Usinor) and ending one year prior to the privatization. We then take the simple average of the ratios. The simple average of these ratios of subsidies to net worth serves as a reasonable surrogate for the percent that subsidies constitute of the overall value of the company. Next, we multiply the average ratio by the purchase price to derive the portion of the purchase price attributable to repayment of prior subsidies. Finally, we reduce the benefit streams of the prior subsidies by the ratio of the repayment amount to the net present value of all remaining benefits at the time of privatization. For further discussion of our privatization methodology, *see, e.g., Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination: Stainless Steel Plate in Coils From Italy,* 63 FR 47246 (September 4, 1998).

With respect to spin-offs, consistent with the Department's position regarding privatization, we analyze the spin-off of productive units to assess what portion of the sale price of the productive units can be attributable to the repayment of prior subsidies. To perform this calculation, we first determine the amount of the seller's subsidies that the spun-off productive unit could potentially take with it. To calculate this amount, we divide the value of the assets of the spun-off unit by the value of the assets of the company selling the unit. We then apply this ratio to the net present value of the seller's remaining subsidies. We next estimate the portion of the purchase price going towards repayment of prior subsidies in accordance with the privatization methodology outlined above.

In the current investigation, we are analyzing: (1) the privatization of Ugine in 1994 and the subsequent buy-back of Ugine's shares by Usinor (1995); (2) the 1994 sale of Centrale Siderurgique de Richemont (CSR); and (3) the privatization of Usinor in 1995, 1996 and 1997.

Subsidies Valuation Information

Benchmarks for Loans and Discount Rates

To calculate the countervailable benefit from loans and non-recurring grants in 1997, we used Usinor's company-specific cost of long-term, fixed rate loans as reported by Usinor. For other years, we used the rates for average yields on long-term private sector bonds in France as published by the OECD. For years in which Usinor was determined to be uncreditworthy, we added a risk premium to the benchmark interest rate in accordance with the methodology consistent with our practice in *Final Affirmative Countervailing Duty Determination: Certain Steel Products from France,* 58 FR 37304 (July 9, 1993) (*Certain Steel from France*).

Allocation Period

In the past, the Department has relied upon information from the U.S. Internal Revenue Service (IRS) for the industry-specific average useful life of assets in determining the allocation period for non-recurring subsidies. *See* the *GIA*. In *British Steel plc* v. *United States,* 879 F. Supp. 1254 (CIT 1995) (*British Steel I*), the U.S. Court of International Trade (the Court) held that the IRS information did not necessarily reflect a reasonable period based on the actual commercial and competitive benefit of the subsidies to the recipients. In accordance with the Court's remand order, the Department calculated a company-specific allocation period for non-recurring subsidies for Usinor Sacilor based on the average useful life (AUL) of its non-

renewable physical assets as 14 years. This remand determination was affirmed by the Court in *British Steel plc* v. *United States*, 929 F. Supp. 426 (CIT June 6, 1996) (*British Steel II*).

As discussed below, the current investigation includes untied, non-recurring subsidies that were found to be countervailable in *Certain Steel from France—i.e.*, PACS, FIS, and Shareholders' Advances. Because we have already assigned a company-specific allocation period of 14 years to those previously investigated subsidies, we preliminarily determine that it is more appropriate to continue to allocating those subsidies over 14 years.

In the concurrent investigations of stainless steel sheet and strip from Italy and Korea, we invited parties to comment on whether an alternative approach may be more appropriate. One option identified is to determine an individual AUL for each year in which a non-recurring subsidy is provided to a company, rather than to determine a company-specific AUL for non-recurring subsidies that could change with each investigation and result in different allocation periods for the same subsidy. We also welcome any additional comments on this issue not raised above.

This investigation includes no other non-recurring subsidies that have been preliminarily determined to be countervailable. Accordingly, we have not calculated a new company-specific allocation period for subsidies not previously investigated. If it becomes necessary for the purposes of the final determination, we will calculate a new company-specific allocation period for Usinor based on information provided in the current proceeding.

Based upon our analysis of the petition and the responses to our questionnaires, we determine the following:

I. Programs Preliminarily Determined To Be Countervailable GOF Programs

A. Loans with Special Characteristics (PACS)

A plan was agreed upon in 1978 to help the principal steel companies, Usinor, Sacilor, Chatillon-Neuves-Maisons, and their subsidiaries, restructure their massive debt. This plan entailed the creation of a steel amortization fund, called the Caisse d'Amortissement pour l'Acier (CAPA), for the purpose of ensuring repayment of funds borrowed by these companies prior to June 1, 1978. In accordance with the restructuring plan of 1978, bonds previously issued on behalf of the steel companies and pre-1978 loans from Credit National and Fonds de Developpement Economique et Social (FDES) were converted into ''loans with special characteristics,'' or PACS. As a result of this process, the steel companies were no longer liable for the loans and bonds, but did take on PACS obligations.

In 1978, Usinor and Sacilor converted 21.1 billion French francs (FF) of debt into PACS. From 1980 to 1981, Usinor and Sacilor issued FF8.1 billion of new PACS. PACS in the amount of FF13.8 billion, FF12.6 billion and FF2.8 billion were converted into common stock in 1981, 1986 and 1991, respectively.

In *Certain Steel from France* and *Final Affirmative Countervailing Duty Determinations: Certain Hot Rolled Lead and Bismuth Carbon Steel Products from France*, 58 FR 6221 (January 27, 1993) (*Lead and Bismuth*), the Department determined that the conversion of PACS to common stock in 1981 and 1986 constituted equity infusions on terms inconsistent with commercial considerations because Usinor Sacilor was found to be unequityworthy during those years. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our earlier finding. Therefore, we continue to find that these equity infusions constitute countervailable subsidies within the meaning of section 771(5) of the Act. Using the allocation period of 14 years, the 1986 conversion of PACS continues to yield a countervailable benefit during our POI.

Consistent with our practice in *Certain Steel from France*, we have treated the 1986 equity infusion as a non-recurring grant received in the year PACS were converted to common stock. Because Usinor was uncreditworthy in the year of receipt, we used discount rates that include a risk premium to allocate the benefits over time. Additionally, we followed the methodology described in the ''Change in Ownership'' section above to determine the amount of each equity infusion appropriately allocated to Usinor after its privatization. We divided this amount by Usinor's total sales during the POI. Accordingly, we preliminarily determine the countervailable subsidy to be 0.63 percent *ad valorem*.

B. Shareholders' advances

The GOF provided Usinor and Sacilor grants in the form of shareholders' advances during the period 1982 to 1986. The purpose of these advances was to finance the revenue shortfall needs of Usinor and Sacilor while the GOF planned for the next major restructuring of the French steel industry. These shareholders' advances carried no interest and there was no precondition for receipt of these funds. These advances were converted to common stock in 1986.

In *Certain Steel from France* and *Lead and Bismuth*, the Department determined that the shareholders' advances constituted countervailable grants because no shares were received for them. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our earlier finding. Therefore, we continue to find that these grants constitute countervailable subsidies within the meaning of section 771(5) of the Act. Using the allocation period of 14 years, subsidies dating back to 1984 continue to provide countervailable benefits during the POI of this case.

Consistent with our practice in *Certain Steel from France*, we have treated these advances as non-recurring grants. Because Usinor was uncreditworthy in the years of receipt, we used a discount rate that includes a risk premium to allocate the benefits over time. Additionally, we followed the methodology described in the ''Change in Ownership'' section above to determine the amount of each grant appropriately allocated to Usinor after its privatization. We divided this amount by Usinor's total sales during the POI. Accordingly, we preliminarily determine the countervailable subsidy to be 0.50 percent *ad valorem*.

C. Steel Intervention Fund (FIS)

The 1981 Corrected Finance Law granted Usinor and Sacilor the authority to issue convertible bonds. In 1983, the Fonds d'Intervention Siderurgique (FIS), or steel intervention fund, was created to implement that authority. In 1983, 1984, and 1985, Usinor and Sacilor issued convertible bonds to the FIS, which in turn, with the GOF's guarantee, floated the bonds to the public and to institutional investors. These bonds were converted to common stock in 1986 and 1988.

In *Certain Steel from France* and *Lead and Bismuth*, the Department determined that the conversion of FIS bonds to common stock in 1986 and 1988 constituted equity infusions on terms inconsistent with commercial considerations because Usinor Sacilor was found to be unequityworthy during those years. No new information or evidence of changed circumstances has been submitted in this proceeding to warrant a reconsideration of our earlier finding. Therefore, we continue to find

that these equity infusions constitute countervailable subsidies within the meaning of section 771(5) of the Act. Using the allocation period of 14 years, the 1986 and 1988 conversions of FIS bonds yield a benefit during our POI.

We have treated the 1986 and 1988 equity infusions as non-recurring grants given in the years the FIS bonds were converted to common stock. Because Usinor was uncreditworthy in the years of receipt, we used discount rates that include a risk premium to allocate the benefits over time. Additionally, we followed the methodology described in the ''Change in Ownership'' section above to determine the amount of each equity infusion appropriately allocated to Usinor after its privatization. Dividing this amount by Usinor's total sales during the POI, we preliminarily determine the countervailable subsidy to be 1.60 percent *ad valorem*.

D. Investment/Operating subsidies

During the period 1991 to 1997, Usinor received investment and operating subsidies through a variety of government programs. The subsidies were provided by the following sources: 1) the European Coal and Steel Community (ECSC) for research and development; 2) health insurance offices for investments to reduce work-related illnesses and accidents, 3) water agencies for projects in the public interest, such as water protection, pollution control and water rehabilitation. The subsidies are classified as investment, equipment or operating subsidies depending on how the funds are used.

Pursuant to section 771(5)(D)(i) of the Act, we preliminarily determine that these grants provide a financial contribution in the form of a direct transfer of funds from the ECSC and the GOF to Usinor, providing benefit in the amount of the grants.

With the exception of ECSC grants, the GOF claims that these grants are not countervailable because they are not specific. Citing to the extreme burden of providing all pertinent details of each subsidy, however, the GOF has not provided any information to demonstrate that any of these grants are not specific. Therefore, as facts available, we preliminarily determine that these subsidies are specific under section 771(5A)(D) of the Act.

Because the investment/operating subsidies received during the period 1991–1997 are less than 0.5 percent of Usinor's sales during the respective years of receipt, we have expensed these grants in the years of receipt. To calculate the *ad valorem* rate of the subsidy, we divided the 1997 benefit by Usinor's total sales during the POI. Accordingly, we determine the countervailable subsidy to be 0.11 percent *ad valorem*.

E. Myosotis project

Since 1988, Usinor has been developing an innovative continuous thin-strip casting process called ''Myosotis,'' in a joint venture with the German steelmaker Thyssen. The Myosotis project is intended to eliminate the separate hot-rolling stage of Usinor's steelmaking process by transforming liquid metal directly into a coil between two to five millimeters' thick.

To assist this project, the GOF, through the Ministry of Industry and Regional Planning and L'Agence pour la Maîtrise de L'Energie (AFME), entered into three agreements with Usinor Sacilor (in 1989) and Ugine (in 1991 and 1995). The first agreement, dated December 27, 1989, covered a three-year period and established schedules for the initial and subsequent payments to Usinor. These payments were contingent upon the submission of progress reports including a statement of investment outlays. The final payment was contingent upon the submission of a final program report and a statement of total expenses. The three installments were paid in 1989, 1991, and 1993. The 1991 Agreement between Ugine and the AFME covered the cost of some equipment for the project. This agreement resulted in two disbursements to Ugine from the AFME in 1991 and 1992. The 1995 agreement with Ugine provided interest-free reimbursable advances for the final two-year stage of the project, with the goal of casting molten steel from ladles to produce thin strips. The first reimbursable advance was made in 1997. Repayment of one-third of the reimbursable advance is due July 31, 1999. The remaining two-thirds are due for repayment on July 31, 2001.

We preliminarily determine that the assistance under this program constitutes a countervailable subsidy within the meaning of section 771(5) of the Act. They provide financial contributions in the form of a direct transfer of funds from the GOF to Usinor. Pursuant to section 771(5A)(D) of the Act, the reimbursable advance provides a benefit in the difference between the amount of the benchmark interest due and the zero interest paid by Usinor.

With respect to specificity, the GOF has claimed that this program is available to all industrial sectors in France. However, the GOF has not supported its claim with documentation demonstrating that the program was used by other industries. Accordingly, we preliminarily determine that this program is specific within the meaning of section 771(5A)(D) of the Act because the grants and the advance were provided exclusively to Usinor (and Thyssen).

We preliminarily determine the subsidies provided between 1989 and 1993 to be non-recurring grants based on the analysis set forth in the Allocation section of the *GIA*. Because the amounts received during these years were less than 0.5 percent of Usinor or Ugine's sales during their respective year of receipt, we expensed these grants in the years of receipt.

With respect to the reimbursable advance received in 1997, we are treating this advance as a long-term interest-free loan. Pursuant to the Department's general practice regarding fixed-rate, long-term loans, we have assumed that a payment on a comparable commercial loan taken out at the same time would not be due until 1998. Because there would be no effect on Usinor's cash flow during the POI (*i.e*, no payment would have been made on a benchmark loan during the POI), we preliminarily determine that there is no benefit attributable to the POI. *See GIA* at 37228–29.

Accordingly, we preliminarily determine the countervailable subsidy rate for this program to be 0.00 percent *ad valorem*.

The GOF and Usinor have claimed that this program constitutes a noncountervailable (*i.e.*, ''green-light'') research subsidy pursuant to section 771(5B)(B) of the Act. The GOF and Usinor note that in November 1996, the EC approved the Myosotis assistance under Article 2 of the State Aids Code, which permits certain research and development assistance provided it does not exceed 25 percent of the total cost of the project. The GOF and Usinor argue that the Department likewise should find this program not countervailable because the project meets the requirements for ''green-light'' treatment as established under section 771(5B)(B) of the Act.

We have not addressed this claim because the subsidy rate of 0.00 percent as calculated above for this program, even treated as countervailable, has no impact on the net countervailable subsidy rate of this investigation.

F. Related party grants

Usinor's financial statements identify ''grants from related parties'' in the years 1992–1995. Information provided by Usinor demonstrates that these grants do not constitute a separate program

from the Myosotis program and investment/operating subsidies discussed above. Specifically, a yearly breakdown of these grants shows that the amount of each grant corresponds to the amounts provided under the Myosotis program or investment/operating subsidies. Therefore, we have determined that this program will not be investigated as a separate program. *See* ''Myosotis'' and ''Investment/Operating Subsidies'' sections of this notice.

G. Ugine 1991 Grant

Ugine's 1991 financial statements indicate that Ugine received FF 26,318 thousand in subsidies and also note that FF 16,295 thousand of ''share'' in subsidies were posted to income. Information provided by Usinor indicates that these amounts reflect the funds received under the Myosotis project as well as investment and operating subsidies. Specifically, a breakdown of these grants shows that the amount of each grant corresponds to the amounts provided under the Myosotis program or investment/operating subsidies. Because Myosotis and investment/operating subsidies are being investigated separately in this proceeding, we have determined that this program will not be investigated as a separate program. *See* ''Myosotis'' and ''Investment/Operating Subsidies'' sections of this notice.

EC Programs

European Social Fund. The European Social Fund (ESF), one of the Structural Funds operated by the EC, was established in 1957 to improve workers' employment opportunities and raise their living standards. The main purpose of the Fund is to render the employment of workers easier and to increase their geographical and occupational mobility within the European Union. It provides support for vocational training, employment, and self-employment.

The member states are responsible for identifying and implementing the individual projects that are selected to receive ESF financing. The member states must also contribute to the financing of the projects. In general, the maximum benefit provided by the ESF is 50 percent of the project's total cost for projects geared toward Objectives 2, 3, 4, and 5b (see below). For Objective 1 projects, the ESF contributes a maximum of 75 percent of the project's total cost.

Like the other EC Structural Funds, the ESF contributes to the attainment of the five different objectives identified in the EC's framework regulations for Structural Funds: Objective 1 is to promote development and structural adjustment in underdeveloped regions, Objective 2 addresses areas in industrial decline, Objective 3 relates to combating long-term unemployment and creating jobs for young people and people excluded from the labor market, Objective 4 focuses on the adaptation of workers to industrial changes and changes in production systems, and Objective 5 pertains to rural development. Recently, the EC added a sixth objective under which assistance is provided to sparsely populated areas in northern Europe.

Ugine s.a. received an ESF grant for worker readaptation training in 1995. In the same year, the company also received an approximately equivalent amount from the GOF as cofinancing for the project. In 1997, the Ugine Division of Usinor received an ESF grant for training workers in a new production process at its cold-rolling mill in Isbergues. No GOF cofinancing of this project was received during the POI.

The Department considers worker assistance programs to provide a countervailable benefit to a company when the company is relieved of a contractual or legal obligation it would otherwise have incurred. *See Final Affirmative Countervailing Duty Determination: Certain Pasta From Italy,* 61 FR 30287, 30294 (June 14, 1996) (*Pasta From Italy*). Usinor has stated that the ESF grants did not relieve the company of any contractual or legal obligations. The GOF has not provided any information as to whether the grants relieved the company of any such obligations and we have no information about the exact purpose or use of the 1995 grant. However, as discussed further below, its small size resulted in the grant being expensed in the year of receipt. We have, therefore, decided not to seek further information about the exact purpose of this grant or whether it relieved Ugine of any legal or contractual obligations.

The 1997 grant was provided to train Ugine's workers in a new production process. Since companies normally incur the costs of training to enhance the job-related skills of their employees, we preliminarily determine that the 1997 ESF grant relieved Ugine of an obligation it would have otherwise incurred.

We preliminarily determine that the 1997 ESF grant is countervailable within the meaning of section 771(5) of the Act. The grant is a financial contribution as described in section 771(5)(D)(i) of the Act which provides a benefit to the recipient in the amount of the grant.

Consistent with prior cases, we have examined the specificity of the funding. Because the EC has not provided any information about the distribution of ESF grants, we are assuming for purposes of this preliminary determination, as facts available under section 776(b) of the Act, that the funds provided by the EC are specific.

The Department normally considers the benefits from worker training programs to be recurring. *See GIA* at 37255. However, consistent with the Department's past practice and our understanding that ESF grants relate to specific, individual projects which require separate government approval, we are treating the benefit as a non-recurring grant. *See Stainless Steel Wire Rod from Italy,* 63 FR 40474, 40488 (July 29, 1998) and *Pasta from Italy* at 30295. As stated above, the value of the 1995 ESF grant and the accompanying GOF contributions were less than 0.5 percent of Ugine's total sales in that year. Similarly, the 1997 ESF grant was less than 0.5 percent of Ugine's 1997 sales. Therefore, that grant was expensed in the year of receipt. Dividing the amount of the ESF grant by the Ugine Division's 1997 total sales, we preliminarily determine the countervailable subsidy to be 0.00 percent *ad valorem* for this program.

II. Programs Preliminarily Determined Not To Be Countervailable GOF Programs

A. Purchase of power plant

In 1994, Usinor sold the shares of Centrale Siderurgique de Richemont (CSR) to Electricite de France (EDF), a government-owned entity. CSR was set up to convert gas generated by steel plants in the Lorraine region into electricity for sale to l'Union Siderurgique de L'Energie (USE). USE, in turn, sold the electricity to steel producers in the region. At the time of the transaction, both CSR and USE were owned by Usinor and Usinor factories purchased their electricity from USE.

In addition to the physical assets of CSR (*i.e.,* land, buildings, plant and equipment), the 1994 transaction also provided EDF the exclusive right to supply electricity to USE for a 15-year period. Prior to the transaction, Usinor and EDF conducted independent valuations of the transaction based on detailed projections of future costs and revenues associated with the operation of CSR and sales of electricity to USE. The projected revenues were calculated using detailed estimates of yearly outputs, consumption and rates. Similarly, projected costs were based on estimated costs for purchasing gas,

operating expenses, as well as costs for developing an electric power system. After negotiations, Usinor and EDF agreed on a purchase price of FF 1 billion, which represented a compromise between the independent valuations of the transaction by Usinor and EDF.

We examined whether Usinor received more than a reasonable market price from the EDF in this transaction. We preliminarily determine that although FF 1 billion represented a large gain over the book value of CSR's physical assets, the purchase price was based on a reasonable valuation of the future sales of electricity by EDF to Usinor. The valuation is supported by reasonable estimates of projected costs and revenues. There is no evidence to indicate that the transaction was anything other than an arm's length transaction for full market value. Accordingly, we preliminarily determine that this program does not constitute a countervailable subsidy within the meaning of section 771(5) of the Act.

B. Related party loans

Usinor's 1992 and 1993 financial statements identify ''interest free loans to related parties'' in the amounts of FF 622 million in 1993 and FF 455 million in 1992. According to Usinor, these loans consist of interest-free advances *by* Usinor and other Usinor Group entities to non-consolidated entities within the Usinor Group. Information provided by Usinor indicates that the funds for these loans were provided out of Usinor's self-generated cash flow. Because there is no financial contribution as defined under section 771(5)(D) of the Act, we preliminarily determine that these loans do not constitute a countervailable subsidy.

C. Work/training contracts

Employers who hire young people (16–25 years of age) through various government-administered work/training or apprenticeship contracts may receive grants and an exemption from social security contributions. The contracts also impose training requirements for those employees and establish minimum compensation set in proportion to the SMIC (the indexed minimum wage) according to the age of the young person and the duration of the contract. This program is administered by Delegation Generale a l'Emploi et a la Formation Professionnelle of Ministere de l'Emploi et de la Solidarite at the national level, and locally by Directions Departementales du Travail, de l'Emploi et de la Formation Professionnelle (DDTEFP) (Departmental Labor, Employment and Professional Training Head Offices). The purpose of this program is to encourage the permanent employment of young people.

Usinor has entered into two types of such contracts: (1) apprenticeship contracts and (2) contracts of specific duration (including qualification agreements and adaptation agreements). Any employer can hire an apprentice and enter into an apprenticeship contract providing training for the apprentice. Qualification and adaptation agreements require approval by the DDTEFP. Approval is dependent upon (1) adoption of an agreement with an educational institution or training entity; and (2) the company's approval of a standard agreement adopted by the GOF and an occupational organization. Usinor received lump-sum payments and exemptions from social security contributions as a result of these contracts.

We analyzed whether the benefits provided under this program are specific ''in law or fact'' within the meaning of section 771(5A) of the Act. We preliminarily determine that the program is not *de jure* specific because the receipt of the benefits, in law, is not contingent on export performance or on the use of domestically sourced goods over imported goods; nor are the benefits limited to an enterprise, industry or region.

Pursuant to section 771(5A)(D)(iii) of the Act, a subsidy is *de facto* specific if one or more of the following factors exists: (1) the number of enterprises, industries or groups thereof, which use a subsidy is limited; (2) there is predominant use of a subsidy by an enterprise, industry, or group; (3) there is disproportionate use of a subsidy by an enterprise, industry, or group; or (4) the manner in which the authority providing a subsidy has exercised discretion indicates that an enterprise or industry is favored over others. As explained in the Statement of Administrative Action (SAA) (H.R. Doc. No. 316, Vol. I, 103d Cong., 2d Session (1994) at 931), the fourth criterion normally serves to support the analysis of other *de facto* specificity criteria.

Assistance under this program was distributed to a wide variety of industries in the majority of the regions of France. Therefore, the program is not limited based on the number of users. The evidence also indicates that the steel industry did not receive a predominant or a disproportionate share of the total funding. Given our findings that the number of users is large and that there is no predominant or disproportionate use of the program by the steel industry, we do not reach the issue of whether administrators of the program exercised discretion in awarding benefits. Accordingly, we preliminarily determine that this program is not specific and has not conferred countervailable subsidies within the meaning of section 771(5) of the Act.

D. Electric arc furnaces

In 1996, the GOF agreed to provide assistance in the form of reimbursable advances to benefit Usinor's research and development efforts to improve and increase the efficiency of the melting process—the first stage in steel production. The first disbursement of funds occurred on July 17, 1998.

The Department deems benefits to have been received at the time that there is an effect on the recipient's cash flow. *See GIA* at 37228–29. Because Usinor did not receive any payments until 1998, there is no benefit during the POI of this investigation. On this basis, we preliminarily determine that this program did not provide any countervailable benefits within the meaning of section 771(5) of the Act.

III. Programs Preliminarily Determined To Be Not Used

Based on the information provided in the responses, we determine that Usinor did not apply for or receive benefits under the following programs during the POI:

GOF Programs

A. *Export Financing under Natexis Banque Programs*
B. *DATAR Regional Development Grants (PATs)*
C. *DATAR 50 Percent Taxing Scheme*
D. *DATAR Tax Exemption for Industrial Expansion*
E. *DATAR Tax Credit for Companies Located in Special Investment Zone*
F. *DATAR Tax Credits for Research*
G. *GOF Guarantees*
H. *Long-Term Loans from CFDI*

EC Programs

A. *Resider II Program*
B. *Youthstart*
C. *ECSC Article 54 Loans*
D. *ECSC Article 56(2)(b) Redeployment/ Readaptation Aid*

E. Grants from the European Regional Development Fund (ERDF)

IV. Programs Preliminarily Determined Not To Exist

Forgiveness of shareholders' loans

Usinor's 1994 and 1995 financial statements indicate that the balance in the account identified as ''loans granted

by the shareholders'' or ''borrowings granted by the shareholders'' was reduced from FF 2.161 billion in 1993 to FF 1.92 billion in 1994 (*i.e.*, a reduction in the amount of FF 241 million). At the end of 1995, the balance in the same account was zero. The petitioners alleged that the reduction in the loan balance represented a debt forgiveness by the GOF in order to make the company more attractive to investors prior to its privatization.

Information provided by Usinor and the GOF indicates that there was no loan forgiveness. Rather, the decreases of the loan balances in the financial statements represent a combination of loan payments by the company and the elimination of any disclosure requirement in accordance with GAAP, due to a reduction in shareholdings. Specifically, the 1995 reduction reflects the elimination of disclosure requirements applicable to loans from Credit Lyonnais, as the result of the reduction in Credit Lyonnais' ownership interest in Usinor from 20 percent to less than 10 percent at the time of Usinor's privatization. There were no disclosed shareholder loans at the end of 1995 because there were no shareholders with an interest of 10 percent or greater. International accounting standards require disclosure of transactions between a business entity and owners of more than 10 percent of shares. For 1994, the reduction is accounted for by repayments of certain outstanding loans during that year as supported by repayment documentation. On this basis, we preliminarily determine that this program does not exist.

V. Programs for Which We Need More Information

Resider I

The EC's September 14, 1998 questionnaire response on Resider II included information about a predecessor program, Resider I, which was in effect between 1988 and 1992. The purpose of both Resider programs, which are financed by the EC's structural funds, is to diversify economic activities in steel-producing areas that are adversely affected by the restructuring of the steel industry.

In its September 15, 1998 response, Usinor stated that it had not applied for, used, or benefitted from subsidies under Resider II during the POI. As indicated above, we have, therefore, preliminarily determined that Resider II was not used during the POI. However, with respect to Resider I, we asked Usinor in our October 2, 1998 supplemental questionnaire if the company had received any form of aid under this program. In its October 22, 1998 supplemental response, the company stated that it had been unable to locate information to respond to this question but that it would try to do so for verification.

The EC's response indicated that both Resider I and II are administered by government agencies in the member states and that these agencies maintain files on the individual companies that receive benefits under these programs. Therefore, in our October 2 supplemental questionnaire to the GOF, we requested information regarding Usinor's use of the Resider programs. In its October 22, 1998 response, the GOF stated that it had been unable to obtain this information but that it would try to do so for verification.

Because we do not have sufficient information to make a preliminary determination with respect to Resider I, we have decided to seek more information on this program before our final determination.

Verification

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

Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we have calculated an individual rate for Usinor, the sole manufacturer of the subject merchandise. We preliminarily determine that the total estimated net countervailable subsidy rate is 2.84 percent *ad valorem*. Because we only investigated one producer/exporter, Usinor's rate will also serve as the ''all others'' rate. Therefore, the ''all others'' rate is 2.84 percent ad valorem. In accordance with section 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of stainless steel sheet and strip in coils from France which are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register**, and to require a cash deposit or bond for such entries of the merchandise in the amounts indicated above. This suspension will remain in effect until further notice.

ITC Notification

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

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Public Comment

In accordance with 19 CFR 351.310, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing is tentatively scheduled to be held 57 days from the date of publication of this preliminary determination, at the U.S. Department of Commerce, 14th Street and Constitution Avenue N.W., Washington, DC 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Requests for a public hearing should contain: (1) the party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. An interested party may make an affirmative presentation only on arguments included in that party's case brief and may make a rebuttal presentation only on arguments included in that party's rebuttal brief. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

In addition, six copies of the business proprietary version and six copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than 50 days from the publication of this notice. As part of the case brief, parties are encouraged to provide a summary of the arguments not to exceed five pages and a table of statutes, regulations, and cases cited. Six copies of the business proprietary version and six copies of the nonproprietary version of the rebuttal briefs must be submitted to the Assistant Secretary no later than 55 days from the publication of this notice. Written arguments should be submitted in accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

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

Dated: November 9, 1998.

Robert S. LaRussa,

Assistant Secretary for Import Administration.

[FR Doc. 98–30736 Filed 11–16–98; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[C–580–835]

Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Stainless Steel Sheet and Strip in Coils from the Republic of Korea

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

EFFECTIVE DATE: November 17, 1998.

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

SUPPLEMENTARY INFORMATION:

Preliminary Determination

The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to certain producers and exporters of stainless steel sheet and strip in coils from the Republic of Korea. For information on the estimated countervailing duty rates, please see the ''Suspension of Liquidation'' section of this notice.

Petitioners

The petition in this investigation was filed by Allegheny Ludlum Corporation, Armco, Inc., J&L Specialty Steel, Inc., Washington Steel Division of Bethlehem Steel Corporation, United Steelworkers of America, AFL–CIO/CLC, Butler Armco Independent Union, and Zanesville Armco Independent Organization, Inc. (collectively referred to hereinafter as the ''petitioners'').

Case History

Since the publication of the notice of initiation in the **Federal Register** (*see Initiation of Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils from France, Italy, and the Republic of Korea*, 63 FR 37539 (July 13, 1998) (*Initiation Notice*)), the following events have occurred. On July 17, 1998, we issued countervailing duty questionnaires to the Government of Korea (GOK), and the producers/exporters of the subject merchandise. On August 6, 1998, we postponed the preliminary determination of this investigation until no later than November 9, 1998. (*see Notice of Postponement of Time Limit for Countervailing Duty Investigations: Stainless Steel Sheet and Strip in Coils from France, Italy, and the Republic of Korea*, 63 FR 43140 (August 12, 1998)).

We received responses to our initial questionnaires from the GOK and three of the five producers of the subject merchandise, Pohang Iron & Steel Company, Ltd. (POSCO), Inchon Iron & Steel Co., Ltd. (Inchon), and Dai Yang Metal Co., Ltd. (Dai Yang), on September 10, 1998. Also on September 10, 1998, we received responses from seven trading companies that are involved in exporting the subject merchandise to the United States: POSCO Steel Service & Sales Company, Ltd. (POSTEEL), Hyosung Corporation (Hyosung), Samsun Corporation (Samsun), Samsung Corporation (Samsung), Hyundai Corporation (Hyundai), Daewoo Corporation (Daewoo), and Sunkyong Ltd. (Sunkyong). On October 5, 1998, we issued supplemental questionnaires to all of the responding parties. We received their supplemental responses on October 21, 1998.

Scope of Investigation

For purposes of these investigations, 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 4.75mm 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 investigation 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 HTS subheadings are provided for convenience and Customs purposes, the written description of the merchandise under investigation is dispositive.

Excluded from the scope of this petition 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, rectangular in shape, of a width of not more than 9.5 mm, and a thickness of not more than 6.35 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 23mm 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 these investigations. These excluded products are described below: Flapper valve steel is defined as stainless steel strip in coils with a chemical composition similar to that of AISI 420F grade steel and 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