

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: February 25, 2002.

**Faryar Shirzad,**

*Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-357-817]

#### Notice of Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determinations: Certain Cold-Rolled Carbon Steel Flat Products From Argentina

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

**ACTION:** Preliminary determination of countervailing duty investigation.

**SUMMARY:** The Department of Commerce preliminarily determines that countervailable subsidies are not being provided to producers or exporters of certain cold-rolled carbon steel flat products from Argentina.

**EFFECTIVE DATE:** March 4, 2002.

**FOR FURTHER INFORMATION CONTACT:** Suresh Maniam or Jarrod Goldfeder at (202) 482-0176 or (202) 482-0189, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

#### *Preliminary Determination*

#### **The Applicable Statute and Regulations**

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the "Act") by the Uruguay Round Agreements Act. In addition, unless otherwise indicated, all citations to the Department of Commerce's (the "Department") regulations are to our regulations as codified at 19 CFR part 351 (2001).

#### **The Petitioners**

The petition in this investigation was filed by Bethlehem Steel Corp., United States Steel LLC., LTV Steel Co., Inc., Steel Dynamics, Inc., National Steel

Corp., Nucor Corp., WCI Steel, Inc., and Weirton Steel Corp. (collectively, "the petitioners").

#### **Case History**

The following events have occurred since the publication of the notice of initiation in the **Federal Register** (see *Notice of Initiation of Countervailing Duty Investigations: Certain Cold-Rolled Carbon Steel Flat Products From Argentina, Brazil, France, and the Republic of Korea*, 66 FR 54218 (October 26, 2001) ("Initiation Notice")).

On November 2, 2001, we issued a countervailing duty questionnaire to the Government of Argentina ("GOA") and Siderar Sociedad Anonima Industrial Y Comercial ("Siderar"), a producer/exporter of the subject merchandise from Argentina. Our decision to select Siderar to respond to our questionnaire is explained in the Memorandum to Susan H. Kuhbach, "Respondent Selection," dated November 2, 2001, which is on file in the Central Records Unit, room B-099 of the main Department building.

On November 30, 2001, we extended the time limit for the preliminary determination of this investigation to January 28, 2002. See *Certain Cold-Rolled Carbon Steel Flat Products from Argentina, Brazil, France, and the Republic of Korea: Extension of Time Limit for Preliminary Determinations in Countervailing Duty Investigations*, 66 FR 63523 (December 7, 2001).

On November 15, 2001, Emerson Electric Co. submitted a request to exclude certain merchandise from the scope of this investigation. On February 22, 2002, the petitioners submitted an objection to this request. See section below on "Scope of the Investigation: Scope Comments" for an analysis of these submissions and the Department's determination.

We received a questionnaire response from the GOA and Siderar on December 21, 2001. The petitioners submitted comments regarding these questionnaire responses on January 2, 2002.

We issued supplemental questionnaires to the GOA and Siderar on January 22, 2002, and received responses to these questionnaires on February 6, 2002.

On January 18, 2002, we further extended the time limit for the preliminary determination in this investigation until February 25, 2002. See *Certain Cold-Rolled Carbon Steel Flat Products from Argentina, Brazil, France, and the Republic of Korea: Extension of Time Limit for Preliminary Determinations in Countervailing Duty Investigations*, 67 FR 3482 (January 24, 2002).

#### **Scope of the Investigation**

For purposes of this investigation, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products. For a full description of the scope of this investigation, see the Appendix to this notice.

#### *Scope Comments*

In the *Initiation Notice*, we invited comments on the scope of this proceeding. On November 15, 2001, we received a request from Emerson Electric Company ("Emerson") to amend the scope of this investigation, as well as the concurrent countervailing and antidumping duty investigations pertaining to subject merchandise. Specifically, Emerson requested that the scope be amended to exclude all types of nonoriented coated silicon electrical steel, whether fully- or semi-processed, because such products are not treated in the marketplace as carbon steel products.

On February 22, 2002, we received a response to the Emerson request from the petitioners. The petitioners objected to excluding these products from the scope and have explained that the scope language is not overly inclusive with respect to these products. Therefore, we determine that nonoriented coated silicon electric steel is within the scope of these proceedings.

The Department has also received several other scope exclusion requests in the cold-rolled steel investigations. We are continuing to examine these exclusion requests, and plan to reach a decision as early as possible in the proceedings. Interested parties will be advised of our intentions prior to the final determinations and will have the opportunity to comment.

#### **Injury Test**

Because Argentina is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, the U.S. International Trade Commission ("ITC") is required to determine whether imports of the subject merchandise from Argentina materially injure, or threaten material injury to, a U.S. industry. On November 19, 2001, the ITC published its preliminary determination finding that there is a reasonable indication of material injury or threat of material injury to an industry in the United States by reason of imports of certain cold-rolled carbon steel flat products from Argentina. See *Certain Cold-Rolled Steel Products From Argentina, Australia, Belgium, Brazil, China, France, Germany, India, Japan, Korea, Netherlands, New Zealand, Russia, South Africa, Spain, Sweden,*

Taiwan, Thailand, Turkey, and Venezuela, 66 FR 57985 (November 19, 2001).

### Alignment With Final Antidumping Duty Determination

On February 21, 2002, the petitioners submitted a letter requesting alignment of the final determination in this investigation with the final determination in the companion antidumping duty investigations (see *Notice of Initiation of Antidumping Duty Investigations: Certain Cold-Rolled Carbon Steel Flat Products from Argentina, Australia, Belgium, Brazil, France, Germany, India, Japan, Korea, the Netherlands, New Zealand, the People's Republic of China, the Russian Federation, South Africa, Spain, Sweden, Taiwan, Thailand, Turkey, and Venezuela*, 66 FR 54198 (October 26, 2001)). The companion antidumping duty investigations and this countervailing duty investigation were initiated on the same date and have the same scope. Therefore, in accordance with section 705(a)(1) of the Act, we are aligning the final determination in this investigation with the final determination in the antidumping duty investigations of certain cold-rolled carbon steel flat products.

### Period of Investigation

The period of investigation ("POI") for which we are measuring subsidies corresponds to Siderar's fiscal year, July 1, 2000 through June 30, 2001.

### Subsidies Valuation Information

#### Allocation Period

Pursuant to 19 CFR 351.524(b), non-recurring subsidies are allocated over a period corresponding to the average useful life ("AUL") of the renewable physical assets used to produce the subject merchandise. Section 351.524(d)(2) creates a rebuttable presumption that the AUL will be taken from the U.S. Internal Revenue Service's 1977 Class Life Asset Depreciation Range System ("the IRS Tables"). For certain cold-rolled carbon steel flat products, the IRS Tables prescribe an AUL of 15 years.

In order to rebut the presumption in favor of the IRS tables, the challenging party must show that the IRS tables do not reasonably reflect the company-specific AUL or the country-wide AUL for the industry in question, and that the difference between the company-specific or country-wide AUL and the IRS tables is significant. 19 CFR 351.524(d)(2)(i). For this difference to be considered significant, it must be one year or greater. 19 CFR 351.524(d)(2)(ii).

In this proceeding, Siderar has calculated a company-specific AUL of 8 years. We preliminarily determine that this AUL is not distortive and that it is significantly different from the 15-year AUL prescribed by the IRS Tables. Therefore, we are using this AUL to identify those subsidies that potentially give rise to a countervailable benefit during the POI.

We note that subsidies to Siderar's predecessors (Sociedad Mixta Siderugica (SOMISA) and Propulsora Siderugica S.A.I.C (Propulsora)) were previously allocated over 15 years. See *Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Results of Countervailing Duty Administrative Review*, 62 FR 52974 (October 10, 1997). We note further that subsidies to Siderar were allocated over 15 years in *Final Affirmative Countervailing Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products from Argentina*, 66 FR 37007 (July 16, 2001). In both cases, to allocate subsidies, the Department used the 15-year AUL prescribed by the IRS Tables. At the time of the former case, however, it was not the Department's policy to permit companies to request a company-specific allocation period; and the latter case was decided on the basis of adverse facts available.

Because the 8-year company-specific AUL calculated by Siderar was calculated pursuant to 19 CFR 351.524(d)(iii) and is significantly different from the AUL prescribed by the IRS Tables (as defined in 19 CFR 351.524(d)(ii)), the Department's regulation at 19 CFR 351.524(d)(i) directs that we use it. The use of this 8-year company-specific AUL means that all benefits received prior to Siderar's 1993 fiscal year provided no benefit to Siderar in the POI. Accordingly, in this preliminary determination, we have not discussed the merits of any arguments relating to any alleged subsidies received prior to Siderar's 1993/1994 fiscal year.

### Equityworthiness and Creditworthiness

The petitioners claim that SOMISA was unequityworthy from 1984 through 1990. In the *Initiation Notice*, we stated that we would examine the equityworthiness of SOMISA during this period should we find any countervailable equity infusions received in those years. 66 FR at 54226. However, because of the use of Siderar's 8-year, company-specific AUL, any non-recurring subsidies received in the years of alleged unequityworthiness would be fully allocated prior to the POI. Accordingly, because Siderar would not benefit in the POI from any equity

infusions received in 1986 through 1990, there is no need to examine its equityworthiness for the that period.

The petitioners also alleged that Siderar was uncreditworthy during 1992. We stated in the *Initiation Notice* that we would examine Siderar's creditworthiness in 1992 if we found that SOMISA received any non-recurring grants, loans, or loan guarantees in 1992. *Id.* However, because of our decision to use Siderar's 8-year, company-specific AUL, any non-recurring subsidies received in 1992 would be fully allocated prior to the POI. In addition, no countervailable loans or loan guarantees were received in 1992. Accordingly, because Siderar did not benefit in the POI from any countervailable non-recurring grants, loans or loan guarantees received in 1992, there is no need to examine its creditworthiness for that year.

### I. Programs Preliminarily Determined To Be Countervailable

#### A. Zero Tariff Turnkey Bill

The Zero Tariff Turnkey Bill is a program established by Resolution 502/95 of the Ministry of Economy. The purpose of the program is to provide an incentive to import goods and equipment that will be used to modernize productive processes in Argentina. The program achieves this objective by allowing for the importation of new merchandise and equipment without the payment of import duties. Resolution 502/95 was repealed in 2000 and replaced with a modified version established by Resolution 1089/00.

In the original questionnaire and in a supplemental questionnaire, we asked the GOA to provide information regarding the distribution of benefits among industries and companies for the year the benefit was approved and for the prior three years. The GOA provided us in both responses with what appears to be the distribution of benefits for the years 1996/1997 only. Although this information indicates that the program is not specific, the GOA did not claim that it could not provide more recent data. Therefore, because it is unclear at this stage whether the provided data provided by the GOA is the relevant data, for specificity purposes, we have preliminarily made an assumption that the benefits are *de facto* specific. We intend to clarify prior to the final determination the specificity of this program during the POI. We note, however, that, despite this assumption of specificity, the benefits from the program to Siderar for the POI are

insignificant, amounting to only 0.01 percent *ad valorem*.

Because this program provides a duty exemption, we have preliminarily found the benefit as recurring, pursuant to 19 CFR 351.524(a) and (c). Prior to the final determination, we intend to clarify whether these benefits are tied to capital assets and consider whether they should be treated as non-recurring.

To calculate the subsidy rate, we multiplied the value of the imported goods by the applicable duty rate. Because this entire amount was rebated, we treated the entire amount as a benefit in the POI. We divided this benefit by Siderar's total sales in the POI. Accordingly, we preliminarily determine Siderar's POI benefit from this program to be 0.01 percent *ad valorem*.

## II. Programs Preliminarily Determined To Be Not Countervailable

### A. "Committed Investment" Into APSA

According to the petitioners, at the time of APSA's privatization in 1992, the GOA required all bidders to commit to invest \$100 million in equity into APSA during the two years following the company's sale. The petitioners allege that the GOA sold APSA at a price that was below fair market value, thereby inducing Propulsura, the eventual purchaser, to agree to the investment commitment. The petitioners argue that the investment commitment constituted an indirect equity infusion in which the GOA "directed or entrusted" Propulsura to make an infusion in APSA, an unequityworthy company. The petitioners suggest two ways to address the committed investment required by the GOA: 1) as revenue forgone and 2) as an equity infusion "directed" by the GOA.

Regarding the first approach, the petitioners rely upon the Department's finding in *Certain Cut-to-Length Carbon Steel Plate From Mexico: Final Results of Countervailing Duty Administrative Review*, 66 FR 14549 (March 13, 2001) and accompanying *Issues and Decision Memorandum*, at Discussion of Analysis of Programs: Committed Investment ("Mexican Plate"). In *Mexican Plate*, we found that the government of Mexico forwent revenue owed to it when it allowed the bidders to use a commitment to invest in the company in the future as a partial equivalent to the payment of cash for the company at the time of sale.

In *Mexican Plate*, the benefit occurred at the time that revenue was forgone by the government, *i.e.*, at the time the company was sold. In this case, any

revenue forgone from the committed investment would have taken place at the time of the sale of the company, which was in 1992. As stated above, however, because of the use of Siderar's 8-year company-specific AUL in this investigation, any benefits received in 1992 would be fully allocated prior to the POI. Therefore, we have not made a determination of whether the GOA actually forwent revenue because, regardless of whether it did, Siderar did not benefit in the POI.

The second approach advocated by the petitioners is based on our treatment of the committed investment in *Argentina Hot-Rolled*. In that case, we treated the same committed investment that is under investigation in this case as non-recurring grants received in the years in which the investments were made. See *Notice of Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination: Certain Hot-Rolled Carbon Steel Flat Products from Argentina*, 66 FR 109901, 10997 (February 21, 2001). That decision, however, was made on the basis of adverse facts available, and the methodology used in that case for the treatment of the committed investment reflected an adverse inference by the Department.

We believe that the revenue forgone analysis performed in *Mexican Plate* is the appropriate examination to be used in the case of committed investments. However, because the petitioners have, in part, relied on *Argentina Hot-Rolled* in making their allegations, we have examined the merits of this allegation in light of *Argentina Hot-Rolled*. We note several problems with the petitioners' second approach. First, unlike in *Argentina Hot-Rolled*, the GOA and Siderar have cooperated fully in this investigation and, therefore, our determination in *Argentina Hot-Rolled* is not instructive. Second, an examination of the evidence placed on the record of this investigation in light of the approach used in *Argentina Hot-Rolled* reveals significant issues with regard to the specificity of any benefits and the nature of the financial contribution. Finally, even assuming *arguendo* that these investments were countervailable, the resulting subsidy rate would be small enough that it does not raise the overall subsidy rate above *de minimis*. As a result, because the countervailability of this program does not make a difference in the outcome of this preliminary determination, we find that no further examination of this approach is needed. *Based on all of the*

*above, we find this program not countervailable.*

*B. Export Subsidies: Reintegro*  
The Reintegro program entitles Argentine exporters to a rebate of various internal and domestic taxes levied during the production, distribution, and sales process on many exported products. The Reintegro is calculated as a percentage of the FOB invoice price of an exported product. See, e.g., *Final Affirmative Countervailing Duty Determination: Honey from Argentina*, 66 FR 50613 (October 4, 2001), and accompanying *Issues and Decision Memorandum* at "Programs Determined to Confer Subsidies: Federal Programs—Argentine Internal Tax Reimbursement/Rebate (Reintegro)" ("*Honey Final*").

In order to determine whether a countervailable benefit is provided by programs that rebate cumulative indirect taxes, the Department normally examines whether the amount remitted or rebated exceeds the amount of prior-stage cumulative indirect taxes paid on inputs consumed in the production of subject merchandise, making normal allowances for waste. 19 CFR 351.518(a)(2). If the amount rebated exceeds the amount of prior-stage cumulative indirect taxes paid, the excess amount is a countervailable benefit. *Id.*

However, 19 CFR 351.518(a)(4) states that the Department will consider the entire amount of the tax rebate or remission to confer a benefit unless:

1. The government in question has in place and applies a system or procedure to confirm which inputs are consumed in the production of the exported products and in what amounts, and to confirm which indirect taxes are imposed on these inputs, and the system or procedure is reasonable, effective for the purposes intended, and is based on generally accepted commercial practices in the country of export; or

2. If the government in question does not have a system or procedures in place, if the system is or procedure is not reasonable, or if the system or procedure is instituted and considered reasonable, but is found not to be applied or not be applied effectively, the government in question has carried out an examination of actual inputs involved to confirm which inputs are consumed in the production of the exported product, in what amounts, and which indirect taxes are imposed on the inputs.

19 CFR 351.518 (a)(4)(i) and (ii).

According to the GOA, the government has no written procedures or guidelines for the operation of this rebate system. However, the GOA claims that it does receive information from the industry regarding the actual incidence of indirect taxes, which it takes into account in setting the

Reintegro rate. These rates are adjusted from time to time at the discretion of the Ministry of Economy.

The Department has previously examined the Reembolso, the predecessor to the Reintegro. In the most recent examination, *Honey from Argentina: Preliminary Affirmative Countervailing Duty Determination and Alignment With Final Antidumping Duty Determination on Honey from the People's Republic of China*, 66 FR 14521, 14524 (March 13, 2001), we stated that:

[T]he GOA established a rebate system in 1971, which was known as the "reembolso" program. In 1986, Decree 1555/86 was promulgated to implement the reembolso program in a manner consistent with the General Agreement on Tariffs and Trade. In May 1991, the GOA issued Decree 1011/91, which renamed the reembolso program as Reintegro and modified the legal structure of the program. Under Decree 1011/91, Reintegro rebated indirect taxes only. Decree 1011/91 has been the relevant governing decree since 1991. The nature and structure of the program have remained unchanged since then, although the Ministry of Economics modifies Reintegro rebate levels from time to time.

Moreover, in *Preliminary Results of Full Sunset Review, Carbon Steel Wire Rod From Argentina*, 64 FR 28978 (May 28, 1999), we stated that:

[W]e found that the legal structure of the reembolso program was changed by Decree 1011/91 in May 1991. Specifically, the Department found that the rebate system was changed to cover only the reimbursements of the indirect local taxes and does not cover import duties, except reimbursement of duties paid on imported products which are re-exported.

In *Honey Final*, we found that the Reintegro program provides a countervailable benefit in the full amount of the Reintegro rebate because the GOA was unable to demonstrate that it had a reasonable and effective system in place for its honey industry. However, while this was true for the honey industry, because systems or procedures may differ from industry to industry, we have examined the system or procedure in place for the steel industry.

In previous steel cases, the Department determined that, for the steel industry, the GOA carries out an appropriate examination of actual inputs to confirm which inputs are consumed in the production of the exported products. See, e.g., *Cold-Rolled Carbon Steel Flat-Rolled Products From Argentina: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order*, 49 FR 18006, 18009-10 (April 26, 1984) (and its subsequent reviews) and *Final*

*Affirmative Countervailing Duty Determination and Countervailing Duty Order: Oil Country Tubular Goods From Argentina*, 49 FR 46564, 46566 (November 27, 1984) (and its subsequent reviews).

In this case, Siderar claims that it submits its tax incidence study to the GOA on a regular basis (and provided to the Department, in this investigation, its studies for the fiscal years 1998/1999 and 2000/2001). Because the GOA has used these studies in its determination of the Reintegro rate (which are similar to the studies examined by the GOA in previous cases) and regularly updates these rates, we continue to find, consistent with our past cases, that the GOA has appropriately examined the actual inputs involved in the production of the subject merchandise.

Because of the above, and pursuant to 19 CFR 351.518(a)(2), we then examined the extent to which Siderar received rebates in excess of its prior-stage cumulative indirect taxes on the production of subject merchandise. According to the GOA, the Reintegro rate applicable for subject merchandise for the POI was 7.5 percent (except for a brief period in which it was reduced to 0.5 percent). Based on our calculation methodology from previous cases, we examined Siderar's 2000/2001 tax incidence study and found that the company's actual POI prior-stage cumulative indirect taxes for the production of the subject merchandise exceeded 7.5 percent. Because Siderar's actual incidence of tax was higher than the Reintegro rate, we find no countervailable benefit to Siderar in the POI. Accordingly, we preliminarily find this program not countervailable.

### III. Programs Preliminarily Determined To Be Not Used

Based on the information provided in the responses and/or the use of Siderar's 8-year company-specific AUL, we determine that Siderar did not receive benefits under the following programs during the POI:

- A. *Equity Infusions*
- B. *Assumption of Debt and Liquidation Costs*
- C. *Subsidies Under Decree 1144/92*
- D. *Export Subsidies: Pre- and Post-Export Financing*

### 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.

### 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 it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Import Administration.

In accordance with section 705(b)(3) of the Act, if our final determination is affirmative, the ITC will make its final determination within 75 days after the Department makes its final determination.

### Public Comment

In accordance with 19 CFR 351.310, we will hold a public hearing, if requested, to afford interested parties an opportunity to comment on this preliminary determination. The hearing is tentatively scheduled to be held 57 days from the date of publication of this preliminary determination, at the U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Individuals who wish to request a hearing must submit a written request within 30 days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, Room 1870, 14th Street and Constitution Avenue, NW., Washington, DC 20230. 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 5 days after the filing of case briefs. Written arguments should be submitted in

accordance with 19 CFR 351.309 and will be considered if received within the time limits specified above.

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

Dated: February 25, 2002.

**Faryar Shirzad,**

*Assistant Secretary for Import Administration.*

**BILLING CODE 3510-DS-P**

## APPENDIX

### Scope of the Investigation

For purposes of this investigation, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products, neither clad, plated, nor coated with metal, but whether or not annealed, painted, varnished, or coated with plastics or other non-metallic substances, both in coils, 0.5 inch wide or wider, (whether or not in successively superimposed layers and/or otherwise coiled, such as spirally oscillated coils), and also in straight lengths, which, if less than 4.75 mm in thickness having a width that is 0.5 inch or greater and that measures at least 10 times the thickness; or, if of a thickness of 4.75 mm or more, having a width exceeding 150 mm and measuring at least twice the thickness. The products described above may be rectangular, square, circular or other shape and include products of either rectangular or non-rectangular cross-section.

Specifically included in this scope are vacuum degassed, fully stabilized (commonly referred to as interstitial-free ("IF")) steels, high strength low alloy ("HSLA") steels, and motor lamination steels. IF steels are recognized as low carbon steels with micro-alloying levels of elements such as titanium and/or niobium added to stabilize carbon and nitrogen elements. HSLA steels are recognized as steels with micro-alloying levels of elements such as chromium, copper, niobium, titanium, vanadium, and molybdenum. Motor lamination steels contain micro-alloying levels of elements such as silicon and aluminum.

Steel products included in the scope of this investigation, regardless of definitions in the Harmonized Tariff Schedules of the United States ("HTSUS"), are products in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight, and; (3) none of the elements listed below exceeds the quantity, by weight, respectively indicated: 1.80 percent of manganese, or 2.25 percent of silicon, or 1.00 percent of copper, or 0.50 percent of aluminum, or 1.25 percent of chromium, or 0.30 percent of cobalt, or 0.40 percent of lead, or 1.25 percent of nickel, or 0.30 percent of tungsten, or 0.10 percent of molybdenum, or 0.10 percent of niobium (also called columbium), or 0.15 percent of vanadium, or 0.15 percent of zirconium.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded. The following products, by way of example, are outside and/or specifically excluded from the scope of this investigation:

- SAE grades (formerly also called AISI grades) above 2300;
- Ball bearing steels, as defined in the HTSUS;
- Tool steels, as defined in the HTSUS; Silico-manganese steel, as defined in the HTSUS;
- Silicon-electrical steels, as defined in the HTSUS, that are grain-oriented;
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level exceeding 2.25 percent;
- All products (proprietary or otherwise) based on an alloy ASTM specification (sample specifications: ASTM A506, A507);

- Non-rectangular shapes, not in coils, which are the result of having been processed by cutting or stamping and which have assumed the character of articles or products classified outside chapter 72 of the HTSUS;
- Silicon-electrical steels, as defined in the HTSUS, that are not grain-oriented and that have a silicon level less than 2.25 percent, and (a) fully-processed, with a core loss of less than 0.14 watts/pound per mil (0.001 inch), or (b) semi-processed, with core loss of less than 0.085 watts/pound per mil (0.001 inch);
- Certain shadow mask steel, which is aluminum killed cold- rolled steel coil that is open coil annealed, has an ultra-flat, isotropic surface, and which meets the following characteristics:

Thickness: 0.001 to 0.010 inch  
 Width: 15 to 32 inches

Chemical Composition

Element.....	C
Weight %.....	<0.002%

- Certain flapper valve steel, which is hardened and tempered, surface polished, and which meets the following characteristics:  
 Thickness: ≤1.0 mm  
 Width: ≤152.4 mm

Chemical Composition

Element.....	C	Si	Mn	P	S
Weight %.....	0.90-1.05	0.15-0.35	0.30-0.50	≤0.03	≤0.006

Mechanical Properties

Tensile Strength.....	≥162 Kgf/mm <sup>2</sup>
Hardness.....	≥475 Vickers hardness number

Physical Properties

Flatness.....	<0.2% of nominal strip width
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Microstructure: Completely free from decarburization. Carbides are spheroidal and fine within 1% to 4% (area percentage) and are undissolved in the uniform tempered martensite.

Non-metallic Inclusion

	Area Percentage
Sulfide Inclusion.....	≤0.04 %
Oxide Inclusion .....	≤0.05%

Compressive Stress: 10 to 40 Kgf/mm<sup>2</sup>

#### Surface Roughness

Thickness (mm)	Roughness s (μm)
t≤0.209.....	Rz≤0.5
0.209<t≤0.310.....	Rz≤0.6
0.310<t≤0.440.....	Rz≤0.7
0.440<t≤0.560.....	Rz≤0.8
0.560<t.....	Rz≤1.0

- Certain ultra thin gauge steel strip, which meets the following characteristics:  
Thickness: ≤0.100 mm ±7%  
Width: 100 to 600 mm

#### Chemical Composition

Element.....	C	Mn	P	S	Al	Fe
Weight %.....	≤0.07	0.2-0.5	≤0.05	≤0.05	≤0.07	Balance

#### Mechanical Properties

Hardness.....	Full Hard (Hv 180 minimum)
Total Elongation.....	<3%
Tensile Strength.....	600 to 850 N/mm <sup>2</sup>

#### Physical Properties

Surface Finish.....	≤0.3 micron
Camber (in 2.0 m).....	<3.0 mm.
Flatness (in 2.0 m).....	≤0.5 mm.
Edge Burr.....	<0.01 mm greater than thickness
Coil Set (in 1.0 m).....	<75.0 mm.

- Certain silicon steel, which meets the following characteristics:  
Thickness: 0.024 inch ±.0015 inch  
Width: 33 to 45.5 inches

#### Chemical Composition

Element.....	C	Mn	P	S	Si	Al
Min. Weight %.....					0.65	
Max. Weight %.....	0.004	0.4	0.09	0.009		0.4

Mechanical Properties

Hardness.....	B 60-75 (AIM 65)
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Physical Properties

Finish.....	Smooth (30-60 microinches)
Gamma Crown (in 5 inches).....	0.0005 inch, start measuring one-quarter inch from slit edge
Flatness .....	20 I-UNIT max
Coating.....	C3A-.08A max. (A2 coating acceptable)
Camber (in any 10 feet).....	1/16 inch
Coil Size I.D. ....	20 inches

Magnetic Properties

Core Loss (1.5T/60 Hz) NAAS .....	3.8 Watts/Pound max
Permeability (1.5T/60 Hz) NAAS.....	1700 gauss/oersted typical
	1500 minimum

- Certain aperture mask steel, which has an ultra-flat surface flatness and which meets the following characteristics:  
 Thickness: 0.025 to 0.245 mm  
 Width: 381-1000 mm

Chemical Composition

Element.....	C	N	Al
Weight %.....	<0.01	0.004 to 0.007	<0.007

- Certain annealed and temper-rolled cold-rolled continuously cast steel, which meets the following characteristics:

Chemical Composition

Element.....	C	Mn	P	S	Si	Al	As	Cu	B	N
Min. Weight %...	0.02	0.20				0.03				0.003
Max. Weight %..	0.06	0.40	0.02	0.023 (Aiming 0.018 Max.)	0.03	0.08 (Aiming 0.05)	0.02	0.08		0.008 (Aiming 0.005)

Non-metallic Inclusions: Examination with the S.E.M. shall not reveal individual oxides >1 micron (0.000039 inch) and inclusion groups or clusters shall not exceed 5 microns (0.000197 inch) in length.

Surface Treatment as follows:

The surface finish shall be free of defects (digs, scratches, pits, gouges, slivers, etc.) and suitable for nickel plating.

#### Surface Finish

	Roughness, RA Microinches (Micrometers)		
	Aim	Min.	Max.
Extra Bright .....	5 (0.1)	0 (0)	7 (0.2)

- Certain annealed and temper-rolled cold-rolled continuously cast steel, in coils, with a certificate of analysis per Cable System International ("CSI") Specification 96012, with the following characteristics:

#### Chemical Composition

Element.....	C	Mn	P	S
Max Weight %.....	0.13	0.60	0.02	0.05

#### Physical and Mechanical Properties

Base Weight.....	55 pounds
Theoretical Thickness.....	0.0061 inch (+/-10 percent of theoretical thickness)
Width.....	31 inches
Tensile Strength.....	45,000-55,000 psi
Elongation.....	minimum of 15 percent in 2 inches

- Concast cold-rolled drawing quality sheet steel, ASTM A-620-97, Type B, or single reduced black plate, ASTM A-625-92, Type D, T-1, ASTM A-625-76 and ASTM A-366-96, T1-T2-T3 Commercial bright/luster 7a both sides, RMS 12 maximum. Thickness range of 0.0088 to 0.038 inches, width of 23.0 inches to 36.875 inches.
- Certain single reduced black plate, meeting ASTM A-625-98 specifications, 53 pound base weight (0.0058 inch thick) with a Temper classification of T-2 (49-57 hardness using the Rockwell 30 T scale).
- Certain single reduced black plate, meeting ASTM A-625-76 specifications, 55 pound base weight, MR type matte finish, TH basic tolerance as per A263 trimmed.
- Certain single reduced black plate, meeting ASTM A-625-98 specifications, 65 pound base weight (0.0072 inch thick) with a Temper classification of T-3 (53-61 hardness using the Rockwell 30 T scale).
- Certain cold-rolled black plate bare steel strip, meeting ASTM A-625 specifications, which meet the following characteristics:

Chemical Composition

Element.....	C	Mn	P	S
Max. Weight %.....	0.13	0.60	0.02	0.05

Physical and Mechanical Properties

Thickness.....	0.0058 inch ±0.0003 inch
Hardness.....	T2/HR 30T 50-60 aiming
Elongation.....	≥15%
Tensile Strength.....	51,000.0 psi ±4.0 aiming

- Certain cold-rolled black plate bare steel strip, in coils, meeting ASTM A-623, Table II, Type MR specifications, which meet the following characteristics:

Chemical Composition

Element.....	C	Mn	P	S
Max. Weight %.....	0.13	0.60	0.04	0.05

Physical and Mechanical Properties

Thickness.....	0.0060 inch (±0.0005 inch)
Width.....	10 inches (+ ¼ to ⅜ inch/-0)
Tensile Strength.....	55,000 psi max.
Elongation.....	Minimum of 15 percent in 2 inches

- Certain "blued steel" coil (also know as "steamed blue steel" or "blue oxide") with a thickness of 0.30 mm to 0.42 mm and width of 609 mm to 1219 mm, in coil form;
- Certain cold-rolled steel sheet, coated with porcelain enameling prior to importation, which meets the following characteristics:  
 Thickness (nominal): ≤0.019 inch  
 Width: 35 to 60 inches

Chemical Composition

Element.....	C	O	B
Max. Weight %.....	0.004	.....	.....
Min. Weight %.....	.....	0.010	0.012

- Certain cold-rolled steel, which meets the following characteristics:  
 Width: >66 inches

Chemical Composition

Element.....	C	Mn	P	Si
Max. Weight %.....	0.07	0.67	0.14	0.03

## Physical and Mechanical Properties

Thickness Range (mm).....	0.800-2.000
Min. Yield Point (MPa).....	265
Max Yield Point (MPa).....	365
Min. Tensile Strength (MPa).....	440
Min. Elongation %.....	26

- Certain band saw steel, which meets the following characteristics:  
Thickness:  $\leq 1.31$  mm  
Width:  $\leq 80$  mm

## Chemical Composition

Element.....	C	Si	Mn	P	S	Cr	Ni
Weight %.....	1.2 to 1.3	0.15 to 0.35	0.20 to 0.35	$\leq 0.03$	$\leq 0.007$	0.3 to 0.5	$\leq 0.25$

## Other properties:

Carbide: Fully spheroidized having  $>80\%$  of carbides, which are  $\leq 0.003$  mm and uniformly distributed

Surface finish: Bright finish free from pits, scratches, rust, cracks, or seams

Smooth edges.

Edge camber (in each 300 mm of length):  $\leq 7$  mm arc height

Cross bow (per inch of width): 0.015 mm max.

- Certain transformation-induced plasticity (TRIP) steel, which meets the following characteristics:

*Variety 1:*

## Chemical Composition

Element.....	C	Si	Mn
Min. Weight %.....	0.09	1.0	0.90
Max. Weight %.....	0.13	2.1	1.7

## Physical and Mechanical Properties

Thickness Range (mm).....	1.000-2.300 (inclusive)
Min. Yield Point (MPa).....	320
Max Yield Point (MPa).....	480
Min. Tensile Strength (MPa).....	590
Min. Elongation %.....	24 (if 1.000-1.199 thickness range) 25 (if 1.200-1.599 thickness range)

	26 (if 1.600-1.999 thickness range)
	27 (if 2.000-2.300 thickness range)

Variety 2

Chemical Composition

Element.....	C	Si	Mn
Min. Weight %.....	0.12	1.5	1.1
Max. Weight %.....	0.16	2.1	1.9

Physical and Mechanical Properties

Thickness Range (mm).....	1.000-2.300 (inclusive)
Min. Yield Point (MPa).....	340
Max Yield Point (MPa).....	520
Min. Tensile Strength (MPa).....	690
Min. Elongation %.....	21 (if 1.000-1.199 thickness range) 22 (if 1.200-1.599 thickness range) 23 (if 1.600-1.999 thickness range) 24 (if 2.000-2.300 thickness range)

*Variety 3*

## Chemical Composition

Element.....	C	Si	Mn
Min. Weight %.....	0.13	1.3	1.5
Max. Weight %.....	0.21	2.0	2.0

## Physical and Mechanical Properties

Thickness Range (mm).....	1.200-2.300 (inclusive)
Min. Yield Point (MPa).....	370
Max Yield Point (MPa).....	570
Min. Tensile Strength (MPa).....	780
Min. Elongation %.....	18 (if 1.200-1.599 thickness range) 19 (if 1.600-1.999 thickness range) 20 (if 2.000-2.300 thickness range)

- Certain cold-rolled steel, which meets the following characteristics:

*Variety 1 :*

## Chemical Composition

Element.....	C	Mn	P	Cu
Min. Weight %.....				0.15
Max. Weight %.....	0.10	0.40	0.10	0.35

## Physical and Mechanical Properties

Thickness Range (mm).....	0.600-0.800
Min. Yield Point (MPa).....	185
Max Yield Point (MPa).....	285
Min. Tensile Strength (MPa).....	340
Min. Elongation .....	31 (ASTM standard 31% = JIS standard 35%)

*Variety 2 :*

## Chemical Composition

Element.....	C	Mn	P	Cu
Min. Weight %.....				0.15
Max. Weight %.....	0.05	0.40	0.08	0.35

Physical and Mechanical Properties

Thickness Range (mm).....	0.800-1.000
Min. Yield Point (MPa).....	145
Max Yield Point (MPa).....	245
Min. Tensile Strength (MPa).....	295
Min. Elongation %.....	31 (ASTM standard 31% = JIS standard 35%)

Variety 3 :

Chemical Composition

Element.....	C	Si	Mn	P	S	Cu	Ni	Al	Nb, Ti, V, B	Mo
Max. Weight %	0.01	0.05	0.40	0.10	0.023	0.15-.35	0.35	0.10	0.10	0.30

Physical and Mechanical Properties

Thickness (mm): .....	0.7
Elongation %: ≥ .....	35

- Porcelain enameling sheet, drawing quality, in coils, 0.014 inch in thickness, +0.002, -0.000, meeting ASTM A-424-96 Type 1 specifications, and suitable for two coats.

The merchandise subject to this investigation is typically classified in the HTSUS at subheadings:

7209.15.0000, 7209.16.0030, 7209.16.0060, 7209.16.0090, 7209.17.0030, 7209.17.0060, 7209.17.0090, 7209.18.1530, 7209.18.1560, 7209.18.2550, 7209.18.6000, 7209.25.0000, 7209.26.0000, 7209.27.0000, 7209.28.0000, 7209.90.0000, 7210.70.3000, 7210.90.9000, 7211.23.1500, 7211.23.2000, 7211.23.3000, 7211.23.4500, 7211.23.6030, 7211.23.6060, 7211.23.6085, 7211.29.2030, 7211.29.2090, 7211.29.4500, 7211.29.6030, 7211.29.6080, 7211.90.0000, 7212.40.1000, 7212.40.5000, 7212.50.0000, 7225.19.0000, 7225.50.6000, 7225.50.7000, 7225.50.8010, 7225.50.8085, 7225.99.0090, 7226.19.1000, 7226.19.9000, 7226.92.5000, 7226.92.7050, 7226.92.8050, and 7226.99.0000.

Although the HTSUS subheadings are provided for convenience and U.S. Customs Service (“U.S. Customs”) purposes, the written description of the merchandise under investigation is dispositive.

[FR Doc. 02-5106 Filed 3-1-02; 8:45 am]

BILLING CODE 3510-DS-C

## DEPARTMENT OF COMMERCE

### International Trade Administration

[C-580-849]

#### Notice of Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination: Certain Cold-Rolled Carbon Steel Flat Products From the Republic of Korea

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

**ACTION:** Notice of Preliminary Affirmative Countervailing Duty Determination.

**EFFECTIVE DATE:** March 4, 2002.

**FOR FURTHER INFORMATION CONTACT:** Tipten Troidl at (202) 482-1767 and Darla Brown at (202) 482-2849, Office of AD/CVD Enforcement VI, Import Administration, U.S. Department of Commerce, Room 4012, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

**PRELIMINARY DETERMINATION** The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to certain producers and exporters of certain cold-rolled carbon steel flat products (subject merchandise) from the Republic of Korea. For information on the estimated countervailing duty rates, see the "Suspension of Liquidation" section of this notice.

#### SUPPLEMENTARY INFORMATION:

##### Petitioners

The petition in this investigation was filed by Bethlehem Steel Corp., United States Steel LLC, LTV Steel Company, Inc., Steel Dynamics, Inc., National Steel Corp., Nucor Corp., WCI Steel, Inc., and Weirton Steel Corp (collectively, petitioners).

##### Case History

Since the publication of the notice of initiation in the **Federal Register** (see *Notice of Initiation of Countervailing Duty Investigations: Certain Cold-Rolled Carbon Steel Flat Products from Argentina, Brazil, France, and the Republic of Korea*, 66 FR 54218 (October 26, 2001) (*Initiation Notice*)), the following events have occurred. On November 1, 2001, we issued countervailing duty questionnaires to

the Government of Korea (GOK).<sup>1</sup> On December 20, 2001, we received responses to our initial questionnaires from the GOK, Dongbu Steel Co., Ltd. (Dongbu), Hyundai Hysco (Hysco), and Pohang Iron & Steel Co., Ltd.<sup>2</sup> (POSCO) (collectively, respondents), the producers/exporters of the subject merchandise. On January 16, 2002, the Department initiated an investigation of two additional subsidy allegations made by petitioners. See Memorandum to Melissa G. Skinner, Director of Office of AD/CVD Enforcement VI, through Richard Herring, Program Manager of Office of AD/CVD Enforcement VI; Re: Additional Subsidy Allegations in the Investigation of Certain Cold-Rolled Steel Flat Products from Korea dated January 16, 2002, which is on public file in the Central Records Unit (CRU), Room B-099 of the Department of Commerce. Supplemental questionnaires were issued to the GOK, Dongbu, POSCO, and Hysco on January 16, 2002 and January 18, 2002. We received supplemental questionnaire responses from respondents on February 5, 2002.

On December 7, 2001, we issued a partial extension of the due date for this preliminary determination from December 22, 2001, to no later than January 28, 2002. See *Certain Cold-Rolled Carbon Steel Flat Products From Argentina, Brazil, France and the Republic of Korea: Extension of Time Limit for Preliminary Determinations in Countervailing Duty Investigations*, 66 FR 63523 (December 7, 2001) (*Extension Notice*). On January 24, 2002, we amended the Extension Notice to take the full amount of time to issue this preliminary determination. The extended due date is February 25, 2002. See *Certain Cold-Rolled Carbon Steel Flat Products From Argentina, Brazil, France and the Republic of Korea: Extension of Time Limit for Preliminary Determinations in Countervailing Duty Investigations*, 67 FR 3482 (*Second Extension Notice*).

The GOK's December 20, 2001 questionnaire response stated that Union Steel Manufacturing Co., Ltd.

<sup>1</sup> Upon the issuance of the questionnaire, we informed the GOK that it was the government's responsibility to forward the questionnaires to all producers/exporters that shipped subject merchandise to the United States during the period of investigation.

<sup>2</sup> Pohang Coated Steel Co., Ltd. (POCOS), a wholly-owned subsidiary of POSCO which also produces and exports subject merchandise submitted a questionnaire response. Because POCOS is a wholly-owned subsidiary of POSCO, we have included the benefits received by POCOS in our calculation of POSCO's rate and have used POSCO's consolidated sales as our denominator. Reference to POSCO throughout this notice will also include POCOS.

(Union) shipped subject merchandise to the United States during the POI; however, the GOK stated that Union would not be responding to the Department's questionnaire for this investigation. On January 16, 2002, we provided Union with another opportunity to respond to the questionnaire. Union, again, declined to participate in this investigation. For the treatment of Union in this preliminary determination, see the "Use of Facts Available" section of this notice.

##### Scope of the Investigation

For purposes of this investigation, the products covered are certain cold-rolled (cold-reduced) flat-rolled carbon-quality steel products. For a full description of the scope of this investigation, please see the Scope Appendix attached to the *Notice of Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determinations: Certain Cold-Rolled Carbon Steel Flat Products from Argentina*, published concurrent with this preliminary determination.

##### Scope Comments

In the Initiation Notice, we invited comments on the scope of this proceeding. On November 15, 2001, we received a request from Emerson Electric Company ("Emerson") to amend the scope of this investigation, as well as the concurrent countervailing and antidumping duty investigations pertaining to subject merchandise. Specifically, Emerson requested that the scope be amended to exclude all types of nonoriented coated silicon electrical steel, whether fully-or semi-processed, because such products are not treated in the marketplace as carbon steel products.

On February 22, 2002, we received a response to the Emerson request from the petitioners. The petitioners objected to excluding these products from the scope and have explained that the scope language is not overly inclusive with respect to these products. Therefore, we determine that nonoriented coated silicon electric steel is within the scope of these proceedings.

The Department has also received several other scope exclusion requests in the cold-rolled steel investigations. We are continuing to examine these exclusion requests, and plan to reach a decision as early as possible in the proceedings. Interested parties will be advised of our intentions prior to the final determinations and will have the opportunity to comment.